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Algeria	500 Dhs	Kenya	135 Shs	Nigeria	100 K
Australia	15 S	Lebanon	15,000 L	Poland	400 Zls
Belgium	20 Bfr	Lithuania	100 Lt	Portugal	200 Esc
Canada	1.25 Cdn	Malawi	100 Kw	Spain	166 Ptas
Cuba	240 Cps	Malaysia	1.00 M	Sweden	4.50 Skr
Czechoslovakia	100 Kcs	Marshall Is.	1.00 D	Switzerland	1.00 Fr
Denmark	100 Dkr	Mexico	16.00 P	Taiwan	1.00 Nts
Egypt	100 Eps	Morocco	20 Dir	Yemen	1.00 R
France	100 F	Netherlands	2.25 G	Yugoslavia	100 D
Germany	1.00 M	Norway	100 Kr		
Greece	200 Dr	Poland	400 Zls		

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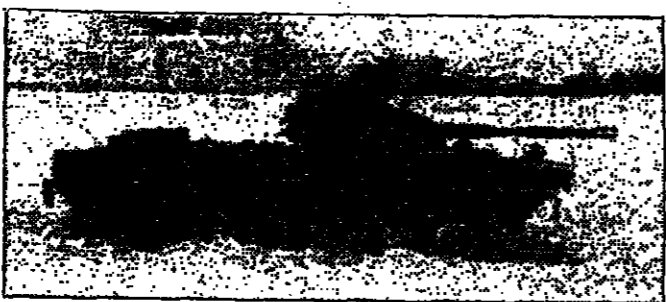
Warsaw Diary: A Swift, Ruthless Crackdown

'Renewal' Vanished Quickly With Sudden Imposition of a 'State of War'

The writer of the following dispatch left Warsaw Thursday and transmitted his dispatch from Paris.

By Henry Kamm
New York Times Service
WARSAW — What follows is an account of what one reporter saw and heard from the beginning of the crackdown until he left Warsaw for Paris.

Saturday, Dec. 12: Saturday night, a young Polish man set off to visit his father to tell him that trouble had begun. He had heard that the Warsaw regional headquarters of Solidarity had been raided and that communications had been cut. He invited three young women friends and this correspondent to go with him in a small car. The Poles were cracking jokes. The young man stopped the car as close as he could to the union building, a schoolhouse that the authorities had been obliged to turn over to Solidarity when the regime was on the defensive. He strode over to speak to the troops — from the "popular military arm of the Interior Ministry, not the regular army. A trooper came to the car and was put off with smiles and jokes. Suddenly, a police officer bore down, bringing his vehicle to a screeching stop inches short of the car. Shouting in fury, he ordered



A tank sits at a checkpoint on a road near Gdansk, which has been cordoned off since martial law was imposed.

the driver to move on. We stopped at the next corner, and seconds later the officer drew up in hot pursuit. "Get out of here, or we'll pull you in with your car," he barked. "This is a state of war." It was not until three hours later that Gen. Wojciech Jaruzelski, the premier and Communist Party leader, officially announced a state of war. The Poles in the car drove off, leaving their friend with the Interior Ministry soldiers, possibly in custody. Their dream of "renewal," and their courage, ended while most Poles were still dreaming about it. As the situation evolved over the next five days, it became difficult for a foreigner to talk to Poles without exposing them to

danger. Many of those with whom it was possible to talk thought the crackdown showed that the internal security services of the Interior Ministry had remained fully intact during the period of "renewal" that began with the birth of Solidarity in August of last year. And they felt that those forces had played a major role in bringing "renewal" to an end. The people in Warsaw, whether intellectuals or laborers, thought Gen. Jaruzelski's crackdown was the result of long-standing pressure from the Soviet Union. Some Poles conceded that Solidarity militants had made demands that no Polish government could grant. But many believed that the government con-

sistently negotiated with the union in bad faith and tried to undermine Solidarity's hold over the population by undercutting belief in the union leadership. Few seemed to accept government overstepped reasonable bounds in its last leadership meetings in Radom and Gdansk.

The proclamation of martial law was also assumed to have been the work of orthodox members of the party leadership, which includes the commanders of the internal security forces and the military forces. In the general view, repression would have taken place sooner or later regardless of what Solidarity did.

The authorities seized Solidarity's national leaders Saturday while they were in Gdansk for a meeting, and all local union headquarters were raided between midnight and dawn.

The security forces also rounded up intellectuals thought to have an influence over student and union activities, and they issued painstakingly detailed decrees. Many Poles felt that the precision of the crackdown indicated that the security forces had developed a well-laid plan and had been waiting for the right time to put it into action.

The government rest house (Continued on Page 3, Col. 1)

Outraged Begin Cancels Pact With U.S. in Golan Dispute

By William Claiborne

Washington Post Service

JERUSALEM — Outraged by U.S. punitive sanctions against Israel's annexation of the Golan Heights, Prime Minister Menachem Begin announced Sunday that he was canceling the strategic cooperation agreement with the United States, and said Israel will never be intimidated into rescinding the annexation of the disputed territory.

It appeared to mark the lowest ebb of U.S.-Israeli relations since Mr. Begin was elected in 1977.

In a scathing — almost vitriolic — admission read to the U.S. ambassador to Israel, Samuel W. Lewis, and later tacitly endorsed by the Cabinet, Mr. Begin said the United States was "priding" itself on punishing Israel with Friday's suspension of the strategic accord, which was signed three weeks ago in Washington.

"What kind of talk is this of punishing Israel? Are we a vassal state of yours? Are we a banana republic? Are we 14-year-olds who, if we do not behave, we get our wrists slapped? You will not frighten us with punishments," Mr. Begin told Mr. Lewis, according to the statement read to reporters after the Cabinet meeting.

Mr. Lewis refused to talk with reporters afterward, and Israeli government sources said the ambassador made no reply to Mr. Begin's statement. Also attending the meeting were Foreign Minister Yitzhak Shamir, Defense Minister Ariel Sharon, Army Chief of Staff Lt. Gen. Rafael Eitan and the heads of various military intelligence branches.

The prime minister's harsh dressing-down of his principal ally — a long and occasionally rambling declaration that dredged up U.S. actions in Vietnam and recalled the inquisition of European Jews in the 15th century — also accused the Reagan administration of participating in an anti-Semitic campaign to win Senate approval of the sale of sophisticated military equipment to Saudi Arabia.

"You are trying to make Israel a hostage to the memorandum of understanding [on strategic cooperation], I consider your announcement of the suspension of the discussions on the memorandum of understanding its cancellation. No sword of Damocles will hang over our head," Mr. Begin declared.

Deputy Foreign Minister Yehuda Ben-Meir said later that Israel would be prepared to renew discussions with the United States about reinstating the strategic cooperation agreement, but that the initiative would have to come from Washington.

Harder Line

Mr. Begin also accused the United States of conditioning its future participation in negotiations on Palestinian autonomy in the West Bank and Gaza Strip upon Israel's flexibility in the peace talks and upon its restraint in taking military action in Lebanon.

As if to signal an even harder line by Israel in the future, the prime minister said he would not agree to allow the approximately 100,000 Arabs in East Jerusalem to vote in the proposed election for an autonomous council. He also asked Mr. Lewis to inform Secretary of State Alexander M. Haig Jr. that Israel will not start a war in Lebanon, but that if it is again attacked by the Palestine Liberation Organization, "we will respond with a counterattack."

Mr. Begin said the Reagan administration did seem to be reeling from foreign policy shocks that carried portentous implications for East-West relations and Middle East peace. Mr. Haig's senior staff has been in need of repair before the new strains, was severely battered.

The main responsibility seemed to fall on Vice President Bush who has had little to do with daily foreign affairs decision-making.

As the administration considered the Polish events, it received a second shock. Mr. Haig, flying home because of the Polish situation, was shown a news agency report from Jerusalem. Prime Minister Menachem Begin of Israel was



U.S. Ambassador Samuel W. Lewis after meeting with Prime Minister Menachem Begin.

U.S. Renews Opposition on Golan But Restates Security Tie to Israel

Washington Post Service

WASHINGTON — Senior Reagan administration officials reiterated on Sunday U.S. disapproval of Israeli annexation of the Golan Heights, while restating a commitment to Israel's security.

After sharp words directed at Washington by Prime Minister Menachem Begin, Defense Secretary Caspar W. Weinberger spoke on television of a "temporary, very rough period" in the two countries' relations.

"Israel has been, is today and will remain a close friend of the United States," Secretary of State Alexander M. Haig Jr. said in a separate television appearance.

"President Reagan recognizes... the vital importance of our obligations to the people of Israel and our guarantee to the survival of that state. Nothing has changed."

Mr. Weinberger said that "the basic commitment, the basic alliance between the United States and Israel is a strong and permanent one." He said it was "essential [to] keep a close working relationship with Israel, just as it is essential we have a close working relationship with moderate Arab governments in the Middle East."

Mr. Haig said, however, that his remarks "should in no way be interpreted as a whitewash of our concern and disapproval that we felt and expressed" at the Golan annexation.

Mr. Weinberger said of the U.S. suspension of its recent strategic cooperation agreement with Israel: "We're trying to make clear that actions like this must carry some cost with them."

"It is essential," he said, "that we have an understanding that these unilateral, pre-emptive types of actions which surprise us and surprise the world are matters which should not be allowed to pass lightly, particularly when they interfere with the peace process."

Mr. Haig reminded Israel that it has "mutual obligations, too," noting that President Reagan wanted to avoid "an atmosphere in which blank checks are available for the leadership in Israel."

He said the time had come "for the leadership in both countries to get to work to repair the damage" and continue with the Camp David peace process. "If this [Golan] action put in jeopardy," Mr. Haig said, "it would be a disaster."

Meanwhile, Howard M. Squard (Continued on Page 2, Col. 2)

Polish Envoy Defects, Gets U.S. Asylum

The Associated Press

WASHINGTON — Poland's ambassador to the United States, Romuald Spasowski, has asked for and been granted political asylum in the United States, Secretary of State Alexander M. Haig Jr. said Sunday. He said President Reagan directed that asylum be given the ambassador and his family.

Speaking on television, Mr. Haig said Mr. Spasowski requested asylum Saturday for himself and his wife, daughter and son-in-law. The president personally ordered the government to move promptly to provide asylum. Mr. Haig said Mr. Spasowski "is going to be very conscious for the [family's] safety and well-being."

Mr. Spasowski, 61, read a statement at the State Department Sunday that said he has asked for political asylum because "a state of war has been imposed on Poland, state of war against the Polish people... I cannot be silent." He said military police had "begun an unprecedented reign of terror" against the Polish people.

"Cruel Night" The cruel night of darkness of silence has spread over my country. Now thousands of best and daughters of the Polish nation are faced with the ordeal of imprisonment, in prisons, in camps... my brothers, old and young, men and women, face brute force and are exposed to enormous suffering," Mr. Spasowski said.

Mr. Spasowski, who has been ambassador to the United States since 1978, said Solidarity leader Lech Walesa had been arrested "and was being held against his will. This is my expression of solidarity with him."

The United States believes that in Walesa is being confined at a site on the outskirts of Warsaw



Romuald Spasowski

and is resisting cooperation with the government, Mr. Haig said. He called on Polish authorities to give the union leader a free hand to contribute "his wisdom and experience."

Mr. Haig said there was "no question" but that the Soviet Union was giving "cooperation and support" to the repression in Poland. He said Moscow should be held responsible for any "excesses" there.

He said there were actions the United States might take, but declined to detail them. He hinted for the first time at the possibility of military measures, saying that there were "political, economic and security-related assets" that the United States could bring to bear.

Asked if this meant some military response, he declined to elaborate.

Mr. Haig indicated some cause for optimism that political reforms won by Solidarity in the last 18 months may remain, saying, "We cannot accept a doomsday theory that all is lost." He said he hoped the influences that had caused the Polish government to move toward more democratic measures would continue to influence the government.

Poles Continue Strikes At Shipyards, Mines

From Agency Dispatches

VIENNA — Poland's shipyard and mining industries were reported hit by resistance to martial law Sunday although the authorities said the curfew had been shortened.

The Soviet press agency Tass said that Solidarity union militants had sabotaged the Ziemowit mine, in the southern province of Katowice, and taken 1,300 miners hostage.

Warsaw Radio reported that production at the strike-hit Baltic shipyards at Gdansk and Gdynia, both Solidarity strongholds, had been suspended until after Christmas.

Although the authorities acknowledged some disruption was going on, they said 95 percent of industry was working normally. The official press agency PAP said that because of the improvement of the situation, the martial law curfew had been relaxed in some parts of the country.

Tass reported that Solidarity extremists had sabotaged the Ziemowit mine and as a result, that 1,300 miners were being held underground. Militants had blown up one entrance to the pit and threatened to destroy the other if authorities moved in police or troops, it added.

But a traveler arriving in Vienna from Warsaw said the pit had been strike-bound since martial law was declared Dec. 13 and that the miners had barricaded themselves in.

There was continuing speculation Sunday about the number of casualties caused by eight days of resistance in the mines and elsewhere. Swedish radio quoted travelers as saying that 200 people had been killed in fighting since the military assumed control on Dec. 13.

In Washington, State Department spokesman Dean Fischer said reports of more deaths than

the Polish government has acknowledged have been received from a number of sources. A department statement called on "the Polish government to cease its repressive attacks on Polish workers."

"Increasingly," the statement said, "a pattern is emerging of using Polish Army forces to seal off public areas and work places from outside interference while the armed security forces of the Ministry of Interior engage in often-violent acts of intimidation and repression against protesting workers, students and intellectuals."

Figures reportedly compiled by the Catholic Church in Poland said at least 200 Poles have been killed and about 1,000 injured. The figures, given by a priest to a traveler who arrived in the West on Sunday, were based on reports from various dioceses of requests from Catholic families for burials of relatives.

The ruling military council in Poland has reported only that seven people were killed in the Katowice area Wednesday when police opened fire on protesters.

Jobs May Be Taken The Western source said just after arriving at a Swedish port from Poland that the towns of Katowice and Krakow in the south and the Baltic ports of Gdansk and Szczecin remained major centers of resistance to the military council. He said he had seen an official newspaper from Szczecin which announced that, beginning Monday, the police would take over the jobs of thousands of dismissed dockworkers.

Warsaw Radio carried a warning to farmers that food produce could be taken over if necessary by the authorities to ensure they reached markets. "We do not want

(Continued on Page 2, Col. 6)

Foreign Policy Crunch Is Testing Reagan Team

By Bernard Gwertzman

New York Times Service

WASHINGTON — At his press conference last week, President Reagan said, "I've come to the conclusion that there is a world-wide plot to make my job more difficult on almost any day that I go to the office."

Wry remarks aside, the administration did seem to be reeling from foreign policy shocks that carried portentous implications for East-West relations and Middle East peace. Mr. Haig's senior staff has been in need of repair before the new strains, was severely battered.

Mr. Reagan, who seems ill at ease with foreign policy, played a minimal role in day-to-day business. Mr. Reagan's senior staff has been in need of repair before the new strains, was severely battered.

As the administration considered the Polish events, it received a second shock. Mr. Haig, flying home because of the Polish situation, was shown a news agency report from Jerusalem. Prime Minister Menachem Begin of Israel was

pull back. As they inched along the furrows they linked up with another group armed with a Soviet-made, 50-caliber machine gun. The weapon, which was being fired furiously, bolstered the confidence of the withdrawing guerrillas, who took up positions and began firing back deliberately and accurately with their British rifles.

The enemy troops were now visible. There were no Russians. The guerrillas believed Russians were flying the helicopters and directing or manning the tanks and artillery. The guerrillas were trying to pick off officers. At one point, a guerrilla shot an officer. As the officer fell, all his men turned and fled.

The guerrillas said in other battles entire units of Afghan recruits defected after their officers were shot. It did not happen this time. Instead, the firing continued inconclusively.

By early afternoon, the Afghan ground troops seemed to have withdrawn, but the helicopters returned, firing their machine guns into the fields.

With darkness, the helicopters left, and the mujahidin moved back to their villages carrying the dead or wounded. From doorways of homesteads, women peered out and wailed in mourning.

Of the 17 men who had been in (Continued on Page 2, Col. 8)

Blood in the Night: Afghan Battle Boils Out of the Dark

The following dispatch was written by a free-lance journalist who recently spent six weeks in Afghanistan.

By Jerc Van Dyk

New York Times Service

MAHALAJAT, Afghanistan — 50 days of fierce fighting in the southern area between Afghan militias and Soviet-backed government forces ended Nov. 28. The guerrillas said it had been the most severe fighting since they took up arms three years ago against the Soviet-backed regime Kabul. Some said the government forces had paid heavily, even though their own losses had been less. For a traveler in the mid-1970s, it was hard to tell who, if anyone, had won. In this sense, the title seemed symbolic of this, the most inconclusive, struggle.

For a band of 27 guerrillas, the tide had turned suddenly and unexpectedly. The day before, they had retreated from the border area of Pakistan to the site of the fighting — this village between Mahalajat, Afghanistan's second largest city, and the American air base now used as Soviet air headquarters in Afghanistan. The guerrillas set up camp in a village building on the outskirts of the town. They were to attack government installations and villages as well as Soviet out-

Rebel Bands Team Up for 2-Day Fight in Their Costly, Inconclusive War

posts, alone or with other rebel bands in the area. They knew the Kandahar area well. For long periods, it had been under the control of the insurgents, at least at night.

The guerrillas have a name for this kind of war. They call it *sharbat* Afghan, or blood in the night. At 9 p.m. Nov. 26, a heavy artillery barrage began. It lasted an hour and a half, and the sound of hand-held rifles of the farm buildings that served as camp headquarters. Firing continued sporadically through the night.

At dawn, after the men prayed, bowing west to Mecca, a column of tanks stretching for what seemed to be miles was sighted moving toward them.

Aghad Khan, the leader of the guerrilla group, ordered the men to bury their blankets, tea kettles and water containers, and move quickly to what he called the front — a line where the cultivated vineyards gave way to the desert being stirred up by the tanks and armored personnel carriers.

The men had earlier complained about the scarcity of arms. They had with them two Soviet-made AK-47 automatic rifles and one Soviet pistol, which they seized in earlier battles. In addition, each had a heavy, 80-year-old, 303-caliber Lee-Enfield single-shot rifle. As the group set off through the narrow lanes that wound between hundreds of mud-walled houses, there was panic among the civilians. A wave of old men and women, girls, babies, sheep, goats and donkeys fled in the opposite direction of the advancing forces.

As the civilians ran past, they shouted encouragement to the guerrillas, who call themselves *mujahidin*. "Go with God" or "God is great," they said to the men.

Scam Cover Mr. Khan's group reached the best of vineyards before the advancing government forces took up artillery positions or moved on infantry units. The dust clouds from the tanks and trucks seemed 40 feet high. They were closing in, but still a mile away.

The vineyards were divided into acre-sized plots circled by mud walls, four feet high. In the center of each plot was a two-story struc-

ture used for drying the grapes, which are grown in four-foot-deep trenches that provided the guerrillas with cover. Mr. Khan divided his group in half, keeping some men in one of the storehouses, and sending others to take up positions behind one of the walls. The men moved into the trenches, where the harvested vines and some leaves provided scant cover. It was 9 a.m.

There seemed to be no visible communication with other groups. Yet, shortly before the exchanges of fire began, Sadul Den, a 22-year-old lieutenant in Mr. Khan's group, went to each man, and with a ballpoint pen, wrote two names in Persian on the inside of their wrists: Mohammed Asmeh and Mohammed Sultan. These were the passwords that were to be used that day, and somehow this was being carried to all guerrilla units in the area.

As the sounds of the military vehicles grew louder, one of the men in the drying shed ran from the Koran. Among the guerrillas was a man whose arms and legs had been tied together and his eyes blindfolded. He had come upon the group the night before, saying he was on his way to Pakistan and that he was hungry and needed a

pull back. As they inched along the furrows they linked up with another group armed with a Soviet-made, 50-caliber machine gun. The weapon, which was being fired furiously, bolstered the confidence of the withdrawing guerrillas, who took up positions and began firing back deliberately and accurately with their British rifles.

(Continued on Page 2, Col. 8)

INSIDE

'China Counts'

A new activism and assertiveness is developing in China's diplomacy, as if to say: "China counts." After concentrating largely on bilateral relations for the past decade, Peking is now fashioning a major international role for itself and subtly reshaping its foreign policy as it does so. A news analysis, Page 5.

Dozier Abduction

In Verona, Italy, six anti-terrorist experts from the U.S. Defense Department join forces with Italian police to hunt the Red Brigade kidnapers of American Brig. Gen. James L. Dozier from his apartment. Page 2.

EEC Challenge

Against a background of strained U.S.-European economic relations and threats of trade retaliation in Washington, Gaston Thorn, president of the European Commission, urges the Reagan administration to engage in "a real dialogue, not baby talk." Page 3.



Judith Dozier, wife of the kidnapped U.S. general, and her daughter, Cheryl, meeting with reporters in Verona, Italy.

U.S. Experts Join Hunt For Abducted General

VERONA, Italy — Six anti-terrorism experts from the U.S. Defense Department joined forces with Italian police Sunday in the hunt for the Red Brigades kidnapers of an American army general.

The police possessed witnesses' descriptions of six of the eight or nine urban guerrillas who kidnapped Brig. Gen. James L. Dozier from his apartment here Thursday, police sources said.

The sources said they believed that Gen. Dozier, 50, the second-highest ranking U.S. Army official in southern Europe, was facing fierce interrogation about his post as deputy chief of staff for logistics and administration at NATO's southern Europe land-forces headquarters in Verona.

There was also concern about Gen. Dozier's physical condition. He was clubbed with a pistol butt and then dragged by the group of at least eight men who got into his apartment. Unofficial reports said traces of his blood were found outside.

On Saturday night, the guerrillas issued their first communiqué. They made no ransom demands, but branded the Western alliance as an occupation army and said the general was being held in a "people's prison."

Italian newspapers reported that the abduction had stirred up old disagreements between President Sandro Pertini and Premier Giovanni Spadolini over Mr. Pertini's belief that the roots of Italian terrorism lay abroad, and specifically in the Eastern bloc.

The premier's office denied that there were any differences, however. In their written statement Saturday, the Marxist urban guerrillas called their hostage a "Yankee pig."

The U.S. sanctions announced Friday included a suspension of a commitment to purchase \$200 million worth of Israeli-manufactured arms.

"We read the history of World War II, and we know what happened to civilians when you took action against the enemy. We also read the history of the Vietnam War and your concept of body counts," Mr. Begin said. He added, "We have always made efforts to prevent casualties of civilians, but at times this is unavoidable, as happened in the bombing of the PLO headquarters."

"Now you are still priding yourselves that you are punishing Israel. ... You have no right to punish Israel, and I protest the use of this term," the prime minister said.

Accusation of Anti-Semitism

Mr. Begin said that the campaign in the U.S. Senate to win approval for an arms sale to Saudi Arabia was "accompanied by an ugly, anti-Semitic campaign. First we heard the slogan, 'Begin or Reagan,' and then it followed that anyone who opposed the deal with Saudi Arabia supports a foreign head of state and is not loyal to the president of the United States. ... Afterward, we heard the slogan, 'We will not let the Jews determine United States policy.' What does this slogan mean?"

Mr. Begin likened the U.S. demand that Israel rescind the Golan Heights annexation to "a concept

of the days of the inquisition. Our forefathers were burned at the stake and did not rescind their faith."

He recalled that during the British mandatory authority over Palestine, Lt. Gen. Evelyn Barker, commander of British troops in the region, had lived in what is now the official prime minister's residence, where the meeting Sunday was held.

"Now I live here. When we fought him, you called us terrorists and we continued to fight. After we attacked his headquarters in the condemned King David building, Barker said that this race will be affected only when we hit its pocketbook, and he ordered his British soldiers not to patronize Jewish-owned cafes any longer."

Mr. Begin's reference was to a statement by Sir Evelyn after Mr. Begin's underground Irpin movement bombed the King David Hotel, killing and wounding more than 200 people. The remark has been singled out as causing grave harm to Britain's position in Palestine at the time.

Mitterrand Visit

PARIS — France indicated Sunday that it may be reconsidering the timing of a planned visit to Israel by President Francois Mitterrand, because of the Golan annexation. "The eventual consequences of the development of the situation of the region on the visit of the president will be evaluated after the United Nations debate at the beginning of January," the External Relations Ministry said.

The ministry's statement added that "all other information on this subject would be premature." This

was seen as a reference to diplomatic reports a few hours earlier that Mr. Mitterrand had informed the Arab League Friday that he would postpone the trip.

The diplomatic sources later said they stood by their version. They said Mr. Mitterrand preferred to delay announcing the postponement until international anger over the annexation calmed down.

Mubarak Statement

CAIRO (NYT) — President Hosni Mubarak of Egypt called the U.S. response to the Golan annexation "encouraging" on Saturday and said he hoped that "we can reach reasonable solutions regarding this problem so there will be no further escalation of differences."

Questioned by reporters, Mr. Mubarak said Egypt remained firmly committed to the Camp David accords and the Egyptian-Israeli peace treaty.

Crisis in Poland Stirs Anger, Divisiveness Among French

By Richard Eder
New York Times Service

PARIS — There was another country, 41 years ago, where a respected military figure took over to forestall direct rule by a despotic neighboring power; only to find himself carrying out, in the name of patriotism, virtually every repressive policy that the neighbor dictated.

When the French look at what has been happening in Poland these days they think of Vichy and the late Marshal Petain. All the more, as the newspaper Le Matin pointed out Friday morning, because the military rulers of Poland are reportedly beginning to speak of national betrayal.

The analogy to a time whose memory still afflicts the French and flavors a perfectly democratic political system with some odd Manichaean extremes, is only one of several things that has made France's reaction to the Polish crackdown more emotional than anywhere else in Western Europe, and more divisive as well.

It is a peculiarly inward-looking mixture of outrage and mutual recrimination. It has pushed the government to react more emphatically than those of its allies. It has divided the right and the left, not over the question of whether to protest what is happening in Poland, but over which side has the better right to do so.

Finally, and most important, it has dealt a stunning blow to the already weakened position of the French Communist Party and raised serious questions about the future of its junior partnership in government with the Socialists.

"Are we going to use the misery of the Poles to settle accounts among the French?" Le Monde asked, in a rare front-page note signed by its editor, Jacques Faugel.

The French government reacted at first with considerable caution, terming the Polish developments an internal matter. Almost immediately, it was pushed to greater vehemence by the widespread indignation that developed across most of the political spectrum; and most particularly among its own Socialist and trade union supporters.

President Francois Mitterrand issued a statement vigorously condemning the repression. French representatives worked to beef up a European Community declaration, the international Labor Organization sent an investigating team to Poland, and the prime minister's office took the unusual step of briefing the press on what French diplomats in Poland were reporting.

There have been demonstrations and declarations from a wide variety of groups, with only the communists holding aloof. A large protest march was held last Monday at the Invalides; and a mass rally of the Socialists and other groups belonging to the democratic left was held Saturday.

All the unions except the Communist-led General Labor Confederation (CGT) have called for a one-hour work stoppage on Monday. Contributions have poured in for food shipments to Poland.

Although the level of protest has been considerable, particularly measured against the fairly subdued reaction in other parts of Western Europe, a lot of it has been protest about protest. Rival political groups have spent a great deal of energy questioning each others' motives.

An attempt to include the right as well as the left in Monday's demonstration fizzled when several extreme-left groups linked arms to keep the conservatives from joining the march. Since then there have been separate left and right demonstrations.

Socialist Party leaders justified the separation by asserting that the conservatives were "morally excluded" because they had not previously denounced repression in Chile and Turkey. As for the right, its marchers carried placards claiming that Socialist rule would turn France into a new Poland.

Even among the Socialists there has been bickering. A statement by a group of artists criticizing the government for not speaking out strongly enough was bitterly attacked by Socialist leader Lionel Jospin. Before long, the altercation had progressed backwards to 1956 and to the question of who had been the lukewarm toward the Soviet invasion of Hungary.

Even if a good deal of the indignation has run sideways, it is undeniably there; and it has left the Communist Party and trade union leadership in an isolation that seems to increase daily.

Not only have the other parties, both left and right, strongly condemned the Communists, but there has been a growing trend to internal rebellion against the party line. This has been strongest among the CGT, where a number of individual unions and at least nine members of the confederation's executive have announced

defiantly that they would take part in Monday's protest strike.

The Communists, already badly hurt in the elections that brought Mr. Mitterrand to power, have clearly been weakened even further. In addition, with Socialist party leaders vigorously denouncing the Communists, the question is raised of how much longer Mr. Mitterrand will decide to maintain the government coalition, in which the Communists hold four Cabinet seats.

At the moment, there are believed to be fewer than 1,000 active dissidents in Czechoslovakia, and they are under heavy pressure from the government.

According to informants here, the Czechoslovak police have resorted to brutality during interrogations in connection with the French smuggling case. Dissidents sources report that Zina Freund, a key figure in both Czechoslovak groups, was alone in her apartment at 2 a.m. on Oct. 13 when policemen burst in, blindfolded her, banged her head against a wall, kicked her, stepped on her feet, cut off some of her hair and ripped off her fingernails. Her husband was beaten in September.

Mrs. Freund is one of those who have been charged in the case but have not been arrested. Among the others are some of the best-known activists in Czechoslovakia, including Jiri Hajek, a former foreign minister in Alexander Dubcek's government; Olga and Ivan Havel, wife and brother of the imprisoned playwright Vaclav Havel, and Miro Kusy, a philosopher.

Some Get Visas

The most prominent figures in jail are Karel Kyncl and Jiri Ruml, two former journalists; Jan Mlynski, a Slovak historian, and Milan Simecka, a writer and former professor who for the last decade has been forced to earn his living as a construction worker.

Mr. Kyncl, 54, had decided shortly before he was arrested to move to England to join his son. He is reportedly ill with a stomach ailment incurred during an earlier term of imprisonment. Czechoslovakia offers deals with dissidents by expelling them, but in some cases the government refuses exit visas for reasons that are not entirely clear to Western analysts.

Another member of the group charged with subversion, Jaromir Horec, was imprisoned for a time, but he apparently turned state's evidence some weeks ago and was released.

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Pursuit of Dissidents Continues in Prague

By R.W. Apple Jr.
New York Times Service

PRAGUE — Seven senior members of Czechoslovakia's dwindling band of political dissidents are languishing in Ruzyně Jail, near the Prague airport, charged with "subversion of the republic on a large scale and in cooperation with a foreign power."

It is not known when, or even whether, they and seven others who have been charged but not imprisoned will be brought to trial. Western diplomats say they expect a major show trial soon after Jan. 1, but Miroslav Jabloňski, a deputy foreign minister, maintains that he is "aware of any political trials as being prepared in Czechoslovakia."

The charges grew out of an attempt in April by two French Socialists to smuggle half a ton of literature and a portable duplicator into the country in a van. They were caught but later released. Mr. Jabloňski said that they were also carrying "money and instructions on how to proceed in anti-state activities that could be exploited by anti-Communist émigrés."

Jan Kavan, an émigré who lives in London, organized the shipment. He denies that any money was involved, and he also rejects the assertion, published by Rude Pravo, the Czechoslovak Communist Party's daily newspaper, that the two French couriers carried a list of names and addresses of recipients of the literature.

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defiantly that they would take part in Monday's protest strike.

The Communists, already badly hurt in the elections that brought Mr. Mitterrand to power, have clearly been weakened even further. In addition, with Socialist party leaders vigorously denouncing the Communists, the question is raised of how much longer Mr. Mitterrand will decide to maintain the government coalition, in which the Communists hold four Cabinet seats.

At the moment, there are believed to be fewer than 1,000 active dissidents in Czechoslovakia, and they are under heavy pressure from the government.

According to informants here, the Czechoslovak police have resorted to brutality during interrogations in connection with the French smuggling case. Dissidents sources report that Zina Freund, a key figure in both Czechoslovak groups, was alone in her apartment at 2 a.m. on Oct. 13 when policemen burst in, blindfolded her, banged her head against a wall, kicked her, stepped on her feet, cut off some of her hair and ripped off her fingernails. Her husband was beaten in September.

Mrs. Freund is one of those who have been charged in the case but have not been arrested. Among the others are some of the best-known activists in Czechoslovakia, including Jiri Hajek, a former foreign minister in Alexander Dubcek's government; Olga and Ivan Havel, wife and brother of the imprisoned playwright Vaclav Havel, and Miro Kusy, a philosopher.

Some Get Visas

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Two members of the trade union Solidarity await interrogation at a police station in Warsaw. The picture was reportedly taken Dec. 16 with a hidden camera by another member of the union.

Warsaw Regime Reports Easing of Curfew

(Continued from Page 1)

to introduce a compulsory levy of agricultural produce," it said, but it added that sales had become "imperative" and constituted "a patriotic duty for Polish farmers."

In contrast to the reports of disruption at some mines, Warsaw Radio said that nearly all the coal industry was working normally and that 559,000 tons of coal was mined Saturday.

The barricaded mine is at Tychy, 10 miles (16 kilometers) from Katowice, capital of the province where miners were fired upon last week. The PAP agency report on the Ziemowit mine was carried by Tass but not transmitted on the PAP service monitored in the West.

At the Ziemowit mine, the agency said, miners "blew up one of the exits, as a result of which up to 1,300 miners are being held underground."

"The second exit is mined and political criminals from Solidarity, blackmailing the authorities, are threatening to blow it up if the forces of public order are brought to the mine," the report said.

Food Shipped In

Meanwhile, The Washington Post said that huge food shipments had arrived in Warsaw from East Germany on Saturday in an apparent attempt to head off civil unrest. The report said there were increasing indications that a Soviet command structure has been installed in the Polish capital to assist the martial law government.

The Post report said Western intelligence sources had confirmed that four planes of Soviet military officers landed at Warsaw's Okęcie Airport Wednesday night, supporting the belief of Polish sources that the Soviet Union has set up a military command structure to oversee the martial law operation.

Although he is believed to have returned to Moscow, the Soviet commander in chief of the Warsaw Pact, Marshal Viktor Kulikov, was reported to have arrived in the Polish capital several days before the martial law decree was issued. Neighbors report unusual activity around a guest house for high-ranking, visiting Soviet officers near the Soviet Embassy.

Emergency food aid had been urgently requested from all Soviet bloc countries several days ago by the government. Saturday, police cars with lights flashing led a convoy of at least 30 semi-trailer trucks through a blizzard into central Warsaw past crowds who stared silently. Some of the trucks had banners saying the food came from East Germany.

The authorities appeared to be hoping to blame the suspended union Solidarity for the severe economic deprivations of the past

2 Killed in Beirut Car Explosion

BEIRUT — Two persons were killed Sunday when a bomb exploded in their car in an area of Beirut where several Palestinian and Lebanese leftist groups have offices, Palestinian sources said.

Local residents said that the car appeared to have been turning a corner when it blew up. State radio said that the two persons killed had been in the vehicle. The Palestinian sources said that a man had been arrested, but they gave no further details.

After the bombing, artillery duels broke out in central Beirut along the line dividing the capital into predominantly Moslem and Christian sectors. There was no immediate report of casualties, but residents said that the exchange of fire was the heaviest for several weeks.

2,500 Seized by Egypt Since October

CAIRO — Egyptian Interior Minister Mohammed Nabawi Ismail said Sunday that 2,500 people had been detained in a government crackdown on extremists following the assassination of President Sadat in October.

He said at the People's Assembly (parliament) that the 2,500 were in addition to more than 1,600 opposition politicians, religious extremists and alleged common criminals rounded up by Sadat in the month before he was killed at a Cairo military parade.

Asked why so many people were still being held, the interior minister said that those who were proven to be not guilty would be released as soon as possible. But he said that the number of detentions was not large "compared to the plan they had in mind, which aimed at turning Egypt into another Lebanon or Iran."

Saudis, Bahrain Sign Security Pact

MANAMA, Bahrain — Prince Nayef Ibn Abdul Aziz, the Saudi Arabian interior minister, announced Sunday that his country and Bahrain had signed an internal security pact. He also denounced the Iranian leadership for "exporting terrorism" to the Gulf states.

Prince Nayef said at a press conference that "King Khalid and Crown Prince Fahd [of Saudi Arabia] have instructed me to assure His Highness Sheikh Isa bin Salman al-Khalifa [the ruler of Bahrain] that the kingdom places its entire potentials in the service of Bahrain's security."

He accused the Iranian regime of training, arming and financing a network of terrorists with the aim of undermining stability throughout the Gulf region. The minister said 13 Shiite Moslems from Saudi Arabia were under arrest here. They said that they had been "mislabeled and instigated by Iran" to sabotage Bahrain and other Gulf countries.

Spanish Minister Criticizes Military

MADRID — Spanish Defense Minister Alberto Oliart was quoted Sunday as saying that a manifesto signed by 100 military men expressing sympathy for plotters of last February's coup attempt would not be the last of its kind.

In an interview with the Madrid daily Diario 16, Mr. Oliart said a minority in the military did not accept the democratic constitution or grasp the role of a free press in a democratic society. "From them we expect actions similar to the manifesto," he said. "But we are ready."

The manifesto, released two weeks ago, criticized government and press treatment of the armed forces, attacked political interference in military affairs and supported the officers arrested after the coup attempt. Legal proceedings have begun against nine of the signers.

War Shatters Afghan Night

(Continued from Page 1)

the drying shed in the morning, two were dead and two seriously wounded. The 10 who had been sent to take up positions at the wall had not been heard from.

One guerrilla had a new AK-47, taken from a dead guerrilla; and another Soviet pistol, from the Afghan major whom he had shot. The long day seemed to be ending.

And then, once again, came the noise of attack. Flares lit the sky, and tracer bullets flashed above the houses. Artillery shells began to thud. The villagers did not leave; there was no place to go.

The sounds of war could be heard through the night and into the next afternoon.

There was no random bombardment or widespread destruction, but the psychological impact was severe. By nightfall on Nov. 28, the tanks had pulled back, the helicopters had returned to their base, and the earth stopped quaking. The women waited, again.

The Afghan press agency reported Dec. 13 that 120 men described as "bandits" were killed in fighting near Kandahar in the last week of November. The agency gave no other details.

Anglican Leader Plans China Visit

LONDON — The archbishop of Canterbury, spiritual leader of the world's Anglicans, is to pay an unofficial three-day visit to China next month, his office said Sunday.

Archbishop Robert Runcie will hold private talks "to establish personal relations with leaders of the church in China, and it is hoped they might lead to a full-scale official visit," said Terry Waite, the prelate's adviser on foreign affairs.

Mr. Waite said this would be the first visit to China by an archbishop of Canterbury. Archbishop Runcie is to spend three days in Canton and Nanjing, entering China from Hong Kong on Jan. 8 and returning there on Jan. 10.

WORLD NEWS BRIEFS

Blast Linked to Mugabe Meeting

SALISBURY — The explosion in the headquarters of Prime Minister Robert Mugabe's ruling Zimbabwe African National Union-Patriotic Front was an attempt to wipe out all Zimbabwe's political leaders, party sources said Sunday.

The sources speculated that the bomb was intended to go off during a top-level party meeting Friday afternoon. But, they said, it exploded an hour before the meeting's starting time. They said that the attack would not have succeeded even if the bomb went off on time because the meeting had been canceled to give Mr. Mugabe and several Cabinet ministers time to prepare for a visit to Mozambique.

The blast, which killed six persons and injured 150, was caused by 20 to 40 pounds (9 to 18 kilograms) of explosives, police said. All the dead were killed in a bakery next to the headquarters when a wall collapsed on them, police said.

50 Fall to Death in Peru

LIMA — At least 50 Andean peasants were killed or drowned in a remote area of southern Peru after the collapse of the makeshift plank bridge they were repairing over the Totoro-Cropeza River, 400 miles south of here, reports said Saturday.

Vatican Envoy Visits Poland As Pope Appeals on Rights

VATICAN CITY — A Vatican special envoy, Archbishop Luigi Poggi, arrived Sunday in Warsaw carrying letters for Polish Premier Wojciech Jaruzelski and the Polish bishops. The arrival was reported by Warsaw radio shortly after Pope John Paul II appealed again for a guarantee of human rights in Poland.

Archbishop Poggi was later quoted by Warsaw Radio as saying on his arrival that the pope had sent him to Poland to make a report so that "he knows the situation and may join with the Polish nation in prayers that it ends soon."

The pope, apparently shocked by reports of a rising casualty toll in his homeland, prayed for those killed and wounded in the imposition of martial law.

Archbishop Poggi has been in charge of contacts with the Communist countries of Eastern Europe for the last eight years and has made many visits to Warsaw.

Meanwhile, the Vatican radio broadcast a message by Archbishop Josef Glomp, primate of Poland, which was to be read Sunday from the pulpits of all churches in Poland.

It said, "We are powerless in the face of passions and evil but we believe, despite this, that everything is in the hands of God and

the Holy Virgin. We kneel before the Lord, supplicating that there should be no bloodshed as our country has never experienced fratricidal civil war."

Archbishop Glomp's remark that the church is "powerless in the face of evil" is regarded in some quarters as virtual submission by the church to the military council, according to reports reaching the West about opinion in Poland. But Vatican sources saw the remarks by both Archbishop Glomp and the pope, as well as Archbishop Poggi's trip, as signs that the Vatican and Roman Catholic bishops in Poland are getting ready to try to play a more forceful role.

Top Left Real D S. on

name Success

Warsaw D

Top EEC Official Urges 'Real Dialogue' With U.S. on Trade Issues

By Axel Krause
International Herald Tribune

BRUSSELS — Against a background of U.S.-European economic relations and threats of trade retaliation in Washington, Gaston Thorn, president of the European Commission, has urged the Reagan administration to engage in "a real dialogue, not baby talk."

Speaking firmly and at times aggressively in an interview at EEC headquarters here Friday, Mr. Thorn said that Europe had strong political and economic reasons for maintaining — and defending — its trading system, notably in the field of agriculture.

But the EEC is prepared to talk with both European steelmakers and U.S. officials in a bid to ease and possibly end a simmering controversy over rising and low-priced EEC steel exports to the United States, Mr. Thorn said.

The top EEC official declined to discuss a tough and critical speech on U.S.-European economic relations made last Wednesday by Robert D. Hormats, assistant secretary of state for economic and business affairs.

Mr. Thorn said, "I do not want to put oil on the fire. This would be bad for Western cohesion, which should now be stronger than ever." He added that, apparently, Mr. Thorn's speech to the Mid-America Committee in Chicago was primarily aimed at domestic consumption. He said that Reagan administration officials "are under pressure, perhaps from protectionist elements."

February Talks Disclosed
"We do not need or want a war of words, but we agree to have a real dialogue, not baby talk, so that we move toward solving problems," Mr. Thorn said.

He disclosed that the second in series of U.S.-EEC Cabinet-level talks on economic and trade issues would be held during February in Washington. The first meeting in which Mr. Thorn and U.S. Sec-

retary of State Alexander M. Haig Jr. participated with their key aides was held in Brussels on Dec. 11.

The EEC official said that the potentially explosive steel issue could be resolved by improving the trigger price mechanism (TPM) which, according to diplomatic and industry sources in Brussels, would mean either raising European export prices in the U.S. market or holding back shipments. Both possibilities are being explored, the sources said.

According to EEC estimates, total exports of steel, including tubes, from the 10-nation area to the United States, will rise to 6 million short tons this year, from 3.8 million tons in 1980. This compares with 7.4 million tons exported in 1978.

"We understand the American problem on steel and relations [between the administration] and the steel companies. We have similar problems and we are trying to get the word across" to the EEC steel industry, Mr. Thorn said.

"Dumping Charges Possible
"The TPM needs to be revised and we want to talk about it to see if it can be improved," he said.

The trigger price mechanism sets minimum prices for foreign steel sold in the United States. American steel companies allege that the Europeans are blatantly ignoring the trigger price mechanism and this would result in the filing of dumping charges against the Europeans, notably by the U.S. Steel Corp.

In the view of senior U.S. and EEC officials, if European steelmakers go along with what one official described as "pricing sensibility," the lawsuits probably would not be filed. This could defuse but not eliminate the issue.

The key officials handling the steel dispute are EEC Commissioner for Industry and Energy, and U.S. Commerce Secretary Malcolm Baldrige.

In sharp contrast to his approach on steel, Mr. Thorn gave no hint that the EEC would be flexible on questions related to agriculture.

He specifically responded to



Gaston Thorn

allegations made last Wednesday by Agriculture Secretary John R. Block before a Senate subcommittee that EEC farm export subsidies were impairing access and displacing U.S. farm products in third markets.

Retaliation Considered
Mr. Block also said that Washington was considering retaliation against EEC products, but he did not specify them, nor the timing he had in mind.

"I am fervently Atlantist and we believe in the same rules as you do, but it is not simply a matter of it being all good over there and all bad over here... The U.S. spends as much as we do in helping farmers," Mr. Thorn said.

Mr. Thorn, a former premier of Luxembourg, said: "How can you ask Europe to reduce its export activity when the United States has an agricultural export surplus with us of \$7 billion? We also have more farmers than you and there is no need to recall that here in Europe we are facing 10 million unemployed... we cannot afford to increase that total by creating joblessness on farms."

He gave the impression — confirmed by senior U.S. officials — that the February meeting would focus on agriculture and could prove stormy. "We are ready to discuss these issues, market shares and aids, such as subsidies, but we are not increasing our market shares, nor our profits," Mr. Thorn said, adding that "if there is confrontation, it will be a 'no' on our side."

"Internal Political Risks"
He also noted that the EEC Commission was continuing to reform member governments to reform the controversial Common Agricultural Policy, notably by bringing its high commodity prices in line with world levels.

The reform effort involved taking what he termed "big, internal political risks," a reference to strong opposition from powerful farm lobbies in France, Denmark and the Netherlands.

But EEC reform efforts can only succeed in "a climate of understanding and cooperation," Mr. Thorn said, adding that Washington will "have to be sensitive and sensible, since the important thing is to keep the trading open."

Neither the EEC official nor others in the commission minimized the dangers of a transatlantic trade war. "The pressures and heat are building up here and in Washington and they could get out of hand, which would be a disaster to both sides," a senior EEC official said.

However, Reagan administration officials said privately that they doubted that any retaliatory action against European exports could or would be taken before the February meeting.

"We have 50 different ways of hitting the Europeans, ranging from hitting the existing trading legislation," a senior administration official said. But he added, "Al Haig, who sees the economic plane getting heavier with the strains, will see it that Block and others will be reined in — at least for the time being."

ESA is funded mainly by France, which pays about 60 percent of the cost of the Ariane program, the biggest item on the ESA budget. West Germany is next with a 20-percent contribution. Denmark, Belgium, Spain, the Netherlands, Italy, Britain, Sweden and Switzerland all have smaller shares.

The first launch went off with-out a hitch on Dec. 24, 1979. The satellite's developers estimate that about 200 weather, civilian communications, scientific and nonoffensive military satellites will be launched in the next decade. ESA hopes to corner about 30 percent of the market and says that it already has firm orders from 15 countries for 22 satellites.

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Senate Leaders Try To Persuade Reagan To Alter No-Tax Policy

By Howell Raines
New York Times Service

WASHINGTON — Senate Republican leaders, in an effort to overcome President Reagan's resistance to tax increases and cuts in military spending, have given him a set of budget estimates showing mounting deficits over the next five years.

Mr. Reagan met with House Republican leaders, who urged him to stand fast in his opposition to additional taxes. They argued that the income tax reductions enacted earlier this year, if left in place, would pull the economy out of recession.

The conflicting advice on Friday reflected the fiscal and ideological battle now going on within the administration. It also showed the political pressures on the president's congressional supporters.

The Senate group, led by Howard H. Baker, of Tennessee, the majority leader, and Paul Laxalt of Nevada, went to the White House with deficit projections even larger than the recent budget office figures that convinced Mr. Reagan he could not reach his goal of a balanced budget by 1984.

Alteration Urged
The Senate projections suggested that unless the president altered his budget plans, the government would face deficits of \$82 billion in the fiscal year 1982, \$165 billion in 1983, \$215 billion in 1984, \$252 billion in 1985 and \$299 billion in 1986.

After Sen. Baker and Sen. Laxalt had been with the president for 30 minutes, they were joined by Sen. Pete V. Domenici of New Mexico, chairman of the Budget Committee; Sen. Bob Dole of Kansas, chairman of the Finance Committee; and Sen. Mark O. Hatfield of Oregon, chairman of the Appropriations Committee.

A Senate aide described the initial session as low key. The Senate leaders, apparently worried that Mr. Reagan would lose the support of conservative members who will not tolerate high deficits, urged him to pare the deficit by proposing tax measures and closing loopholes in existing tax laws.

They also asked him to reconsider his refusal to accept any scaling back in the military buildup. Finally, they suggested that there had to be some cuts in politically sensitive entitlement programs such as Medicare, Medicaid and food stamps.

Loopholes Cited
Mr. Reagan was described as listening noncommittally. He said on Thursday at a news conference that he had "no plans for increasing taxes in any way." White House aides hastened to add that this would not rule out the closing of loopholes or the imposition of excise taxes on such products as alcohol and tobacco.

Administration officials, including Treasury Secretary Donald T. Regan, who was in the meeting with the House leaders, have said they also hoped that Mr. Reagan would accept a tax cut against a windfall profits tax on natural gas.

Earlier last week, Sen. Laxalt, a close adviser to the president, said this was not possible unless Rep. Glenn English, Democrat of Oklahoma, released Mr. Reagan from a

written pledge to the legislator not to impose a windfall tax.

On Friday, Rep. English said he had not been asked to raise Mr. Reagan, adding that the people of gas-producing states would not tolerate such a step. He said that if the administration wanted new taxes, it must be prepared to say that supply-side economics had failed.

Reagan's Approach
The legislator added that those who advocated Mr. Reagan's approach of cutting income taxes by 25 percent in three years argued that this would produce economic growth and no deficits.

"We cannot tolerate deficits in excess of \$100 billion, and I certainly will not allow Oklahoma or the natural gas producers to bear the load just so the administration won't have to admit defeat," Rep. English said.

In their visit with Mr. Reagan, the House Republican leaders tried to assure him that he would not have to admit defeat if he stuck with his original economic recovery program.

Mr. Reagan met for an hour with Rep. Robert H. Michel of Illinois, the House minority leader; Rep. Barber B. Conable Jr. of upstate New York, the ranking Republican on the Ways and Means Committee; Rep. Richard B. Cheney, Wyoming, and Rep. Jack Kemp of upstate New York, a leading advocate of supply-side economics.

A participant in the meeting said Mr. Reagan had affirmed his desire to avoid a tax increase. He said this in the presence of James Baker, chief of staff, and White House chief of staff and David A. Stockman, the budget director, who have been asserting in White House meetings that additional revenues were needed to keep the deficit from growing to unacceptable levels.

The participant said the House members urged Mr. Reagan to avoid any rollback of his tax cuts, although they were of varying opinion as to the desirability of so-called revenue enhancement measures.

The House members were quoted as telling the president that it was bad policy to impose large tax increases in a recession. To do so, after having called for deep tax cuts earlier, would send a confusing signal to the nation and the financial markets, they said.

White House spokesmen have downplayed these meetings so as to avoid the appearance that Mr. Reagan's staff is trying to put pressure on him to accept tax cuts by scheduling sessions like the one in which the Senate members presented the high deficit figures.

Max L. Friedersdorf, the White House director of congressional relations, said there was strong feeling in Friday's meetings that the pessimistic projections were not infallible, a view the president shares.

Mr. Friedersdorf said Mr. Reagan hoped to make his basic decision about whether or not to take in response to these estimates before Christmas. Then, he said, the White House staff will spend the time before Congress reconvenes Jan. 25 in intensive work on the budget for the fiscal year 1983.

3 Killed, 10 Wounded In Dominica Coup Bid

The Associated Press

ROSEAU, Dominica — Two persons were killed and 10 wounded when masked gunmen stormed this Caribbean island nation's police headquarters and central prison in an unsuccessful attempt to overthrow the government, Prime Minister Mary Eugenia Charles said.

A policeman and a former member of the country's outlawed defense force were killed in the Saturday morning attacks. Police said a third man — also a former member of the defense force — was killed later Saturday during a nationwide hunt for the attackers. Among the wounded was Police Commissioner Oliver N. Phillip, who police said was shot in the head during the attack on the police station.

The man killed in the assault on the prison was identified as Howard Piper, a former officer in the former Dominican Defense Force.

Miss Charles said the former commander of the defense force, Frederick Newton, had been arrested.

In a speech to the nation Saturday, Miss Charles followed a government statement that the attacks appeared to be tied to a conspiracy by Michael Perdue, the self-confessed leader of a group of mercenaries, to invade the island and put Patrick R. John, the former prime minister, back in power.

Mr. John, who was prime minister for a year beginning with Dominica's independence from Britain in 1978, has been in the central prison since March.

Mr. Perdue and nine others, eight of whom had connections with the Ku Klux Klan, were arrested in New Orleans on April 27 as they were about to leave for Dominica. They were later convicted by a U.S. federal court of conspiring to overthrow Dominica's government.

One Killed in Haiti Harbor
The Associated Press
TEL AVIV — One person died Sunday when a fire broke out aboard a Greek cruise ship steaming into Haiti's harbor with 200 tourists aboard, a port spokesman said.



Liza Alexeyeva, left, with her sister-in-law, Tatiana Yankelovich, as they prepared to board a Boston-bound plane in Paris.

Alexeyeva Is Reunited With Husband in U.S.

From Agency Dispatches

BOSTON — Liza Alexeyeva, 26, was reunited with her husband Sunday and urged continued support for dissidents in her homeland and in Poland. Miss Alexeyeva was granted an exit visa from the Soviet Union after a 17-day hunger strike by her father-in-law, Nobel laureate Andrei D. Sakharov and his wife, Yelena G. Bonner.

"I came to the United States to stay here," she said. Her husband's sister Tatiana Yankelovich, served as interpreter at a crowded news conference at Logan International Airport.

Clutching two red carnations, Miss Alexeyeva stood next to her husband, Alexei Semynov, 25, a graduate student at Brandeis University near here. Mr. Semynov, the son of Mr. Sakharov's wife by an earlier marriage, emigrated from the Soviet Union in 1978.

Miss Alexeyeva and Mr. Semynov urged continued pressure by Western nations and the international scientific community to protect Mr. Sakharov and his wife from reprisals by the Soviet government.

"I would like to remind you that I am one of a very few persons [in the Soviet Union] who was able to exercise my human rights," Miss Alexeyeva said. "There are many who are unable to leave, to travel and be with their dear ones."

She flew to Boston from Paris, where she had arrived Saturday, with Mrs. Yankelovich and her husband, Efim. They were met at the airport by Mrs. Bonner's mother, Ruth, the Yankelovichs' children and friends of the family.

Miss Alexeyeva and Mr. Semynov were married last June by proxy. Mr. Semynov traveled to Montana, a state that recognizes proxy marriages, to take part in the ceremony.

Soviet authorities had refused to recognize the marriage, saying that Mr. Semynov had been married to another Russian woman and divorced in the United States and that the divorce was invalid.

News Conference Planned
Mr. Semynov declined to answer any questions, saying that there would be a news conference Tuesday, tentatively scheduled for New York City.

The Sakharovs ended their hunger strike Dec. 8 after the Soviet secret police, the KGB, agreed to allow Miss Alexeyeva to leave the Soviet Union. He and his wife had begun their hunger strike to support their demands that Miss Alexeyeva be allowed to leave the country. They were hospitalized by force on Dec. 4.

Miss Alexeyeva said on arriving in Paris Saturday that although the 1975 Nobel Peace Prize winner had given up his hunger strike after the authorities had given her permission to leave, "all his problems remain."

"Even when he gets out of the hospital, police will still be on guard at the door of his apartment and will be restricting his movements," she said. "I ask Western countries to help him. And he can be helped if Western opinion keeps up pressure on the Soviet government."

One aviation observer Friday questioned how much the agreement would benefit the United States. He said that the true amount of flexibility — at least on the downward side — depends on the base coach fares that are set as the reference points for the zones. He also said that the zones of flexibility might be of illusory benefit, other than to assure U.S. airlines of quick foreign approval of fares, if the U.S. airlines begin to participate in IATA conferences and set higher than competitive prices with their European competitors.

The agreement is not supposed to affect the liberal bilateral agreements the United States has signed with some countries that provide airlines with a totally open pricing regime but is supposed to give airlines operating in more restrictive countries more flexibility.

The agreement to be signed in February is to be an interim agreement good for six months, subject to renewal for an additional six months if all parties agree.

Unions Demand Talks On Daily News Sale

From Agency Dispatches

NEW YORK — Unions have reacted to the proposed sale of the money-losing Daily News, which has the largest circulation of any general-interest newspaper in the United States, by demanding an immediate meeting with its owner, the Tribune Co. of Chicago.

George E. McDonald, head of the Allied Printing Trades Council, which represents the unions with contracts at the News, said on Saturday that the offering of the newspaper for sale by the Tribune Co. without consultation with the unions violated a previous agreement. "The workers have as much stake in the Daily News as the Tribune Co.," Mr. McDonald said.

An official of the Tribune Co. in Chicago said that, before responding, it wanted time to study the union statement.

The News has been losing money steadily recently — at least \$11 million this year — as more and more readers turned to television and suburban newspapers in the New York area.

Paper Might Be Shut
John Morton, a newspaper industry analyst with the Wall Street firm of Lynch, Jones & Ryan, said Friday he doubted if another newspaper company would buy the Daily News. "It's conceivable there might be some oil company or someone like that," he said.

Mr. Morton said that if no buyer was found within a matter of weeks he thought the Tribune Co. would simply shut down the paper. "I don't think it can be turned around, and I think that's the conclusion they have come to," he said. "I think the Tribune has decided the Daily News has no future and that's why they're putting it up for sale."

The Tribune Co. also publishes the Chicago Tribune, that city's biggest newspaper, and owns television stations and the Chicago Cubs baseball team, among other things.

Mr. McDonald met with fellow union leaders here and then issued a statement demanding a meeting with Stanton R. Cook, president and chief executive officer of the Tribune Co. In a statement on Friday afternoon that took the unions and others by surprise, Mr. Cook announced that the parent company would entertain serious offers for purchase of the New York newspaper.

The Daily News has the largest circulation among general-interest newspapers in the nation, 1,483,000 on weekdays and 1,888,000 on Sundays, as of Sept. 30. However, the paper has suffered declines over the years with the changing character of its urban readership. Its peak circulation

Ariane Rocket Launch A Success in 4th Test

The Associated Press

KOUROU, French Guiana — The 10-nation European Space Agency has successfully staged the fourth and final test flight of the Ariane satellite launcher. The lift-off took place on schedule Saturday night from the ESA's base here.

The three-stage Ariane, which cost about \$1.2 billion to develop and build, launched a Marecs-A European maritime communications satellite and a scientific capsule to measure electron density in the ionosphere.

It was the last free ride before the ESA begins limited commercial operations next year and starts earning a share of the space telecommunications industry market. With a handful of contracts already signed, the agency has the successful launches behind it, the West European space program plans to begin full commercial operations in 1983.

Excessive Vibration
In June, Ariane's third test sent two satellites into synchronous Earth orbit, helping to erase the impression of the disastrous second test.

On the second test, the rocket burst into flames moments after lifting off from here May 23, 1980. ESA scientists said that they traced the failure to excessive vibration in the launcher's first stage boosters and corrected the problem.

The first launch went off with-out a hitch on Dec. 24, 1979. The satellite's developers estimate that about 200 weather, civilian communications, scientific and nonoffensive military satellites will be launched in the next decade. ESA hopes to corner about 30 percent of the market and says that it already has firm orders from 15 countries for 22 satellites.

A major breakthrough, two orders worth a total of \$50 million were placed last week by the U.S. firm General Telephone and Electronics Corp. The GTE contract is the first by a U.S. company for the launching of a satellite through an agency other than the U.S. National Aeronautics and Space Administration.

ESA is funded mainly by France, which pays about 60 percent of the cost of the Ariane program, the biggest item on the ESA budget. West Germany is next with a 20-percent contribution. Denmark, Belgium, Spain, the Netherlands, Italy, Britain, Sweden and Switzerland all have smaller shares.

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Warsaw Diary: Swift Crackdown Extinguished 'Renewal'

(Continued from Page 1)

near Warsaw was made ready to receive Lech Walesa, the Solidarity leader. The minister for Trade Unions, Stanislaw Ciosek, was reliably reported to have been at the Warsaw airport to meet Mr. Walesa when he arrived under custody at 4 a.m. Sunday. Prisons and detention centers were reported to have been prepared to receive a rush of new arrivals, said to number about 4,000.

The roundup of the former party leader, Edward Gierke, and his colleagues was taken by many Poles as an effort to make the millions of Solidarity supporters believe that the union was not the "only target" but that the government was embarking on a general campaign to overhaul a state beset by anarchy.

There was widespread skepticism about the military character of the regime that has been imposed. Some intellectuals suggested that the Communist leadership was using the armed forces to try to convince the population that the issue was survival of the nation rather than survival of the unpopular Communist regime.

Sunday, Dec. 13: Warsaw lay under brilliant winter sunshine, covered in fresh snow. The radio reported Gen. Jaruzelski's proclamation every hour, following it with the national anthem, whose opening line is "Poland is not yet lost, as long as we are alive."

Younger Poles, at least on Sunday, repeated it often, in a tone of defiance. Older people accompanied it with gestures of resignation.

Gen. Jaruzelski was credited with political astuteness for having made his move on the weekend, when workers were out of their factories.

Monday, Dec. 14: Many people said the Solidarity union would be-

gin its counteroffensive, occupying factories, shipyards and mines, paralyzing transport and forcing the government to back down. The feeling was that a round had been lost but that the battle had just begun.

Others, largely those with wartime memories stuck by their radios and television sets.

Decree followed decree until a total of 61 were read by uniformed military announcers by nightfall. The decrees banned public gatherings of all kinds, ordered Poles into their homes at night and gave the martial-law authorities new powers, including the right to sentence people to death without appeal for unspecified offenses "against the state's fundamental political and economic interests."

"Under the Germans, at least we got the food that was marked on our ration cards," a doctor said. For many months, the Polish government has been unable to supply even the rations to which Poles have been entitled.

Many Poles gathered in the vicinity of the circular Saviour Square. Whenever the riot police's cannon was temporarily thinned or lifted, the Poles advanced down Mokotowska Street to the Solidarity headquarters. A sign calling for a "general strike" still hung over the main entrance, although the police had arrested those who were there and had confiscated material and equipment during the raid Saturday night and repeated sorties on Sunday.

The crowd, made up largely of workers and youths, was truculent. The authorities broke the crowd up once during the afternoon by dousing the crowd with a water cannon and sending in riot policemen with plastic visors over their faces and shields held high. The police paid no attention to the jeers of "gestapo" and used no

other force than their steady advance.

The mere presence of the protesters was taken as a sign of effective resistance. Workers went to their jobs in a sullen mood at the Hutu Warszawa steel plant, the Ursus tractor plant and other enterprises. No work was done, but no pressure was put on the workers until Monday night.

That night, the strike sign came down from Solidarity's building, and Solidarity posters and graffiti were scraped and washed away all over Warsaw. Despite the 10 p.m. curfew, anti-Solidarity slogans made their appearance Tuesday morning.

Tuesday, Dec. 15: Workers gathered outside the main gate of the Hutu Warszawa plant in the morning and told how they had allowed themselves to be manacled and letting their leaders be arrested. They also spoke about how they had been intimidated into leaving after army and internal security forces, backed with armored cars, had ringed the plant and entered. "The women were crying, and those among us who had young children didn't want to continue to resist," a worker said.

A belligerent man, possibly working for the secret police, the Interior Ministry's main operations arm, told two foreign reporters who were surrounded by workers to leave because the plant had been "militarized."

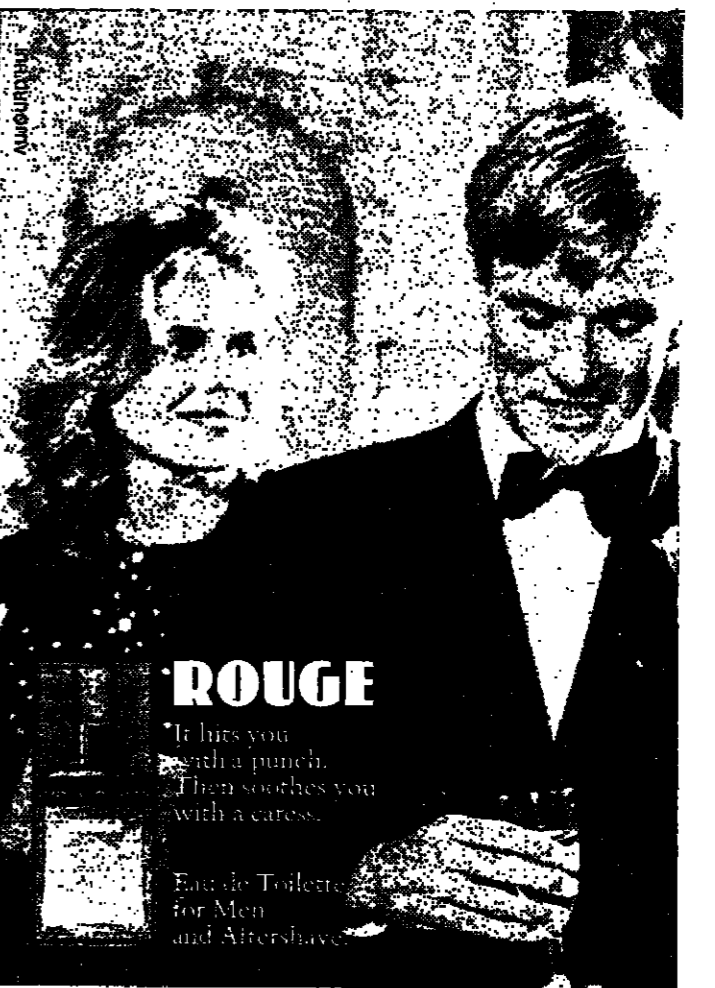
He was shouted down by workers and threatened with the gallow. However, when the security forces materialized and ordered the reporters away, neither the journalists nor the workers resisted.

Wednesday, Dec. 16: By Wednesday, the Solidarity building had resumed its old appearance, a schoolhouse with many memories. In name, Solidarity still

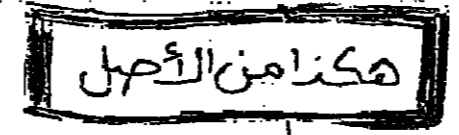
2 Drown in Colorado Lake

The Associated Press

FORT MORGAN, Colo. — Two men drowned Friday when the canoe they were in overturned during a fishing expedition on a partially frozen lake, officials said. A search for a third man was suspended because of thickening ice on the lake.



Lubin, parfumeur, Paris. Parfums Lubin, 64 Faubourg Saint-Honore 75008 Paris



Why Moscow Is Afraid

What is being crushed in Poland is a genuine revolution — exuberant, spontaneous and far from settled in its ideology or program. Solidarity was undisciplined, as protest has to be in a closed society. It was not, however, anarchistic or capitalistic or directly anti-Soviet.

So this is not a mere repetition of the Polish putsch of 1948, or the conquests of Hungary in 1956 and Czechoslovakia in 1968. The Poles had absorbed those experiences; theirs was — is — a strictly 1980s protest.

They have been testing nothing less than the capacity of a tired and corrupt political system to renew itself. That this is intolerable is more than a tragedy for Poland. It portends prolonged crisis and repression throughout the Soviet empire.

The Communist takeovers in Eastern Europe after World War II were essentially military operations: to create a buffer zone to protect the Soviet Union against invasion from the West. After Stalin's terror was abandoned, the bloc satellites had to be disciplined again, to tame their nationalism and to reassert the old military imperatives.

Moscow won that battle, and not only in Eastern Europe. The United States and Western Europe refused to risk war to challenge its dominion. Eventually, they even ratified it by recognizing the permanent division of Germany.

All that is history. No Reaganite hard-liner advocates liberation of the "captive nations." Western banks have lent Eastern Europe \$70 billion — including \$30 billion to Poland — and pray each night for stability there. Moscow could not ask for better partners. And throughout the 16 months of ferment in Poland, not even the most extreme factions in

Solidarity dreamed of evicting the Soviet Army or breaking loose from the Warsaw Pact. The Poles accept the tyranny of geography.

What they wanted was true domestic reform: to break the grip of an oligarchy that was enriching itself but mismanaging the nation. They wanted the right to monitor their government and to help make the rules for the austere years ahead. They wanted the right to strike and to speak freely, to give workers a voice in a workers' state.

The Kremlin's alarm at this ferment, therefore, has nothing to do with defending its borders. Romania has long pursued a more independent foreign policy than any Pole contemplates; it has not been crushed. Finland has long been dominated by Soviet power, but is allowed to practice parliamentary democracy.

The danger in Poland, in Soviet eyes, was the very idea of political evolution in a Communist state. If Poles could speak freely and challenge oligarchical power, what would prevent the Soviet people from claiming the same rights? Given the stirrings in Soviet society, it is not an unreasonable fear. But it puts a huge burden on the international system.

Other nations can respect the strategic interests of the Soviet Union. They cannot, however, guarantee the internal security of Communist rulers against obvious inefficiencies and discontents. The limited freedom that the Polish people seek is essential to creativity in any modern state. Sooner or later they must have it or the world will be an even more dangerous place.

THE NEW YORK TIMES

U.S. Is Out on a Limb With Hard Line Toward Qadhafi

By Philip Ceylan

WASHINGTON — In the matter of Libya's Col. Moammar Qadhafi, as in so much else having to do with foreign policy, you can almost hear the collective hum of the Reagan administration's thought processes at work: Anything Jimmy Carter did, we will do differently.

Carter was blind to Soviet-inspired international terrorism, so the Reagan administration will show it up for the Communist conspiracy it is and make war upon it — some. Now, Carter was soft on Qadhafi, so this administration will show Qadhafi up for what he is, and do something about him — never mind exactly what.

Carter was casual about the Iranian threat to the Americans in Tehran, seizing the embassy up for seizure of the hostages, so the Reagan administration will clear the decks for who knows what action by getting American citizens in Libya out of harm's way.

Isn't that what the election returns were all about? Well, yes, up to a point. Presidential campaigns do tend to encourage the creation of Big Issues — imagined as well as real. But confrontation with the real world also tends to restore a certain balance. Among the theologians of the Reagan high command, however, the impulse to do the opposite, just for the sake of it, dies particularly hard.

That this is a saboteur, not a just dangerous, impulse is nowhere better illustrated than by the situation the administration now finds itself in as a consequence of its high-

pitched, heavy-handed, hyped-up crusade to make the world safe from Qadhafi. Where it finds itself out on a long and shaky limb, with scant support and some open reservations on the part of its best European allies and not even much encouragement from friendly Arabs who, deep down, would be delighted to see Qadhafi done in.

Who, among the world's decent and right-thinking citizens and leaders, would not? The man is a certified menace, tied in one way or another to a large part of the dark and dirty work by terrorist movements everywhere — specifically including, quite probably, the dispatch of "hit teams" on assassination missions against top U.S. leaders.

Assuming (as I do) that the U.S. government has solid evidence on this score, obviously urgent countermeasures were indicated, starting with tightened security and an alert to law enforcement agencies. Recalling U.S. citizens from Libya serves the dual purpose of assuring their safety and having a certain deterrent effect.

It signals to Qadhafi that if he goes through with attempts on the lives of U.S. leaders, the United States will have a free hand to retaliate with force. It also exerts some economic pressure to the extent that the departure of U.S. technicians will disrupt Libya's oil production for a time. And it makes it safe to proceed with a U.S. boycott of Libyan oil,

which would doubtless do further economic damage, while also resolving a moral issue: U.S. oil purchases would no longer seem to be financing Qadhafi's dirty work.

But then what? Even if you could be confident that Qadhafi is only crazy like a fox, what possible prospect is there that so repellent a figure could be induced to mend his ways? And how, in any case, could you be sure he had mended them?

The answer is that you could never be sure, while Qadhafi rules Libya. This is precisely the limb the Reagan administration has gotten out on. Having embarked on an anti-Qadhafi campaign since its first days in office, there is now no outcome consistent with the administration's presentation of the threat, short of Qadhafi's removal, one way or another, from the scene.

But the flip-side of falling to bring him down is almost certainly to build him up beyond any stature with his Arab "brothers" that he could hope to achieve on his own. That process, according to most of the responsible Arab officials I've talked to, is already well advanced.

The great Qadhafi crisis, in short, was easy enough to crank up, given the predispositions of the Reagan administration. But apart from covert actions that can only be guessed at, it may be a lot harder to crank down.

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Poles Must Decide on Reaction

By William Safire

NEW YORK — The terrible question everybody is afraid to face is this: As their leaders are being herded into concentration camps, what should the Polish people do?

Does the West want them to meekly accept the "crackdown" ordered during Soviet Marshal Viktor Kukulov's visit to Warsaw, going back to work, forgetting the aims of Solidarity, as the Czechs forgot the "Prague Spring"? Or do we want them to resist, first with sullen slowdowns, then with the creation of an underground, with sabotage and guerrilla harassment aimed at bringing down the puppet government, to be followed by the certain takeover of occupation duties by the Soviet Army?

The view of the Western appeasement set is to urge submission and acquiescence. Britain's Minister of State, Lord Carrington, almost pleaded: "Poland has, for the first time in almost 18 months, a government that is prepared to govern and, so far, the nation has not crumpled." Neville Chamberlain's successors had "General Jaruzelski, a man of patriotic and moderate reputation" and suggest that we reward his "albeit... pretty brutal" move with an offer of aid.

The view of the U.S. government differs. At the urging of labor leader Lane Kirkland, future U.S. aid to Poland would be conditioned on the end of martial law, the release of the jailed union leaders and the restoration of the obligations previously granted by the Polish Communist regime.

But even this more hardheaded approach, which must soon be accompanied by an end to the rolling-over of credit, evades the terrible question of what we want the Polish workers to do. Defense Secretary Weinberger takes time out of his unwelcome encouragement of the Soviet-Syrian annexation of Lebanon to warn against any encouragement of Polish resistance: "There's a great desire not to have another Hungary on our hands."

He does not want to mislead Poles into thinking that our disapproval of martial law and invasion-by-proxy will make it possible to come to the aid of any uprising. That is important to make clear.

Equally important to make clear — which we have not done — is that our care not to incite the warred-up Polish workers must not be construed as any caution to them not to resist.

The decision to submit or resist is not for us to meddle in. That is strictly for the Poles to decide.

Jaruzelski is not a Polish hero, painfully preventing a brutal Soviet invasion; the truth is that he is a Polish Quisling, doing the Soviet dirty work and making it possible for appeasers in Europe to refrain from retaliating against the Soviet puppetmasters.

The voice is the voice of Jaruzelski, but the hand is the hand of Kukulov. His war on the Poles is being waged on two fronts:

The psychological blitzkrieg is aimed at the spirit of Solidarity. That is why all communications other than military pronouncements have been shut down: to strip away the sense of being part of a mass that gives the workers' movement its strength.

Kukulov's second front is aimed at the West, to prevent us from countering his separation and isolation of Poles. He wants us to think that Polish resistance would only make things worse for the Poles; he wants us to plead with courageous Poles to submit, thus increasing their sense of isolation.

That is why our moral solidarity is so important now. We must let the Polish people know that we will respect their decision, whether it be sullen patience or outright defiance; that we will give their quislings no unrestricted aid; and that if events reach the stage where Kukulov and his invaders take personal control, we will launch an all-out economic and political crusade to make continued oppression in Poland too great a burden for the Communist world.

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Lord Keynes on Deficits

The Reaganites are as wrong today as they were a year ago when they blamed poor U.S. economic performance on government deficits. Then, a predicted deficit of \$43 billion was denounced as too high. Now that it is projected at \$109 billion — and much higher in 1983 and 1984 — guess what they say? Deficits don't really matter.

Do they? Lord Keynes taught long ago that deficits are neither good nor bad. Their effect depends on the economic environment. A sizable deficit in 1982 would be helpful, but excessive new debt in 1983 and 1984 looks bad.

This year's imbalance does not mean that spending or tax cutting for 1982 was excessive. It means that the system is working to contain a nasty recession. Social spending has automatically increased to provide for the unemployed, while tax collections in the weakened economy decline. The increasing deficit therefore works against an even deeper recession. Reducing it now with more spending cuts or a quick tax increase would backfire by prolonging the recession, and perhaps even enlarging the deficit.

There are good reasons, however, to fear the large deficits now projected for subsequent years. By fiscal 1983 the recession will presumably have ended and so will the need for budgetary stimulus. The deficit next year should be shrinking to guard against the kind of rapid growth that would again drive up the inflation rate.

President Reagan's advisers have finally acknowledged that the 1983-84 deficits will not hold at the \$97 billion they estimated last July; they are more likely to soar to a two-year total of \$314 billion.

Why the startling change? One reason is

the recession. The other is last summer's frantic tax cutting: the special-interest hogs in both parties consumed 25 percent of the government's tax base — a total of perhaps \$240 billion in reduced tax collections for the two years.

Unless Mr. Reagan reclaims some of that revenue, he will set a post-war record for deficits. And that is bound to propel the Federal Reserve Board to tighten up the money supply again, to try to break inflation with high interest rates. That braking, in turn, would only discourage the massive investment that Mr. Reagan is counting on.

The prudent path out of this trap is to follow the advice of Budget Director Stockman, recently joined by Treasury Secretary Regan: Increase taxes after the recession ends.

A good place to begin would be to speed up the deregulation of newly discovered natural gas and immediately decontrol "old" gas. A tax on the windfall gain to producers might bring in \$10 billion to \$20 billion a year.

Some anti-Keynesian supply-siders still insist that last summer's tax cuts will produce such a boom that the government will collect enough taxes, even at lower rates, to eliminate the deficits. Mr. Stockman does not believe that. Mr. Regan and Wall Street do not believe that. The monetarists in the president's circle do not believe that.

So it is encouraging that the administration has released some respect for Keynes. One suspects that its economists celebrate the recession deficit mainly for political convenience. But if Keynes' teachings have merit on the way down the business cycle, they are worth heeding on the way back up as well.

THE NEW YORK TIMES



Wonder Workers for Developing World

By Spark Matsunaga

WASHINGTON — The Pentagon, almost without realizing it, has launched a program in the Pacific that could work wonders throughout the developing world.

The Army, Navy and Air Force are quietly deploying elite 15-man units trained to operate in remote areas. The units are mobile, self-contained, versatile. Like the Special Forces, they are linked to the military's worldwide network of communication and supply.

But instead of M-16s and grenade launchers, these units are equipped with welding tools, socket wrenches, concrete mixers and other light construction gear.

They are called CATs — Civic Action Teams. The leader of each team is an engineer. All team members are expert equipment operators and carpenters, in addition to their separate construction skills.

In Micronesia, CATs have built rural roads, water catchment basins, dispensaries, schools, bridges, wells — just about everything in the way of physical infrastructure that a developing rural community needs.

They are by far the most successful single U.S. aid program in a region receiving more than \$100 million a year in U.S. aid. In fact, their continuing presence has been written into the independence compacts for the various Micronesian entities — at the insistence of the Micronesians.

Think of it: A mobile rural construction and training unit designed for missions in developing countries — packing more skills than any unit of its kind in the world — proven effective, enormously popular.

Why, then, do we find the CATs consigned

to a few scattered Pacific islands, at a time of renewed commitment to the Special Forces concept, and to bilateral aid?

CATs once had a far more expansive role, only to lose it in a twist of irony. The program was launched in 1961 under the impetus of a group of Navy civil engineers — Seabees — who thought their skills might help combat rural poverty in the Third World.

Seabee Teams, as they were called then, served with distinction in rural areas throughout Latin America and Africa. Then, in 1964, the program was ended. The Seabees were ordered to send teams only to Vietnam and Thailand. A program designed to fight the causes of war had become another weapon in a brush-fire war that was fanning out of control.

Teams Reborn

And so the teams joined the ranks of dozens of "pacification" programs that faded from awareness when we left Indochina, their pre-war achievements and extraordinary potential forgotten.

Except by a group of stubborn-minded Navy civil engineers stationed in the Pacific territories. There the Seabee Teams were reborn as CATs. Army and Air Force units in Guam and Hawaii learned of the CATs' success and asked to join the program.

The next step should be to restore the CATs to their former role elsewhere in the developing world. CATs have proven their effectiveness on Pacific islands. Why not Caribbean islands?

Not long ago, the Cubans took a crack at training Jamaicans at rural construction, em-

ploying special units called brigadistas. The program was a failure. Now they are building an airfield on Grenada. They aren't doing well with that one either, we hear. That's not surprising. The Cubans are not the world's best builders. We are.

Or consider Zimbabwe. Earlier this year, the United States joined 35 other nations in pledging \$2 billion toward a three-year Zimbabwe reconstruction and resettlement program. A great deal is riding on that effort, which the Soviet Union is boycotting.

Ironically, rural construction constitutes the weakest element of the entire U.S. foreign aid effort, which is weighted toward human services such as health care and education.

Those services are needed. But also needed, more and more, are roads, wells, bridges, — the nuts and bolts of economic development. Yet, although we rank second to none at the required skills, we ignore the opportunity.

If the Pacific experience is any test, greater use of CATs would be a boon to military morale. CAT members are volunteers. And there is no shortage of them, although a CAT tour means eight months in the field.

It's not hard to see why. Blue collar skills are taken for granted in the United States. But rural communities in the Third World appreciate the advance in skill and efficiency a CAT represents.

At a time when we are seeking to correct the conditions that trigger brushfire wars, CATs are too good an idea to pass up — again.

Spark Matsunaga, a Democratic senator from Hawaii, wrote this article for The Washington Post.

Pressure on Israel

Did Mr. Begin think, as he annexed the Golan Heights the other day, that President Reagan was too preoccupied with Poland to mind? If so, Mr. Reagan must now have disabused the Israeli prime minister of that notion. Mr. Reagan suspended the memorandum on strategic cooperation that the two nations signed and that the Begin government hailed as a signal breakthrough only a few weeks ago. He cut off discussions on Israeli proposals for indirect but substantial further U.S. financial support. This is strong stuff, and it should help dispel the giddiness that the annexation has produced in Israel. It is not pleasant for the United States to apply direct and open pressure on a friend, or to contemplate having to apply more. Mr. Begin made it unavoidable.

The United States had supported a unanimous UN Security Council resolution terminating the annexation null and void. In its statement last week, the administration added a note of its displeasure that Israel moved while the Polish crisis was unfolding. It complained that Israel had not acted in the spirit of mutual consideration embodied in the memorandum on strategic cooperation. All this is so, but it does not go to the heart of what was wrong with Israel's unilateral act.

The act undercut the formally agreed basis, the only conceivable basis, on which peace can come to the Middle East: the yielding of territory by Israel in return for peace agreements with its neighbors. With Egypt, Mr. Begin did agree to exchange territory for a treaty. With the Golan beyond even theoretical reach, however, Syria has no reason to accept Israel and negotiate for the Golan's return; other nations have no reason to press Syria to do so. Is Mr. Begin's plan to foreclose negotiations on the West Bank by unilaterally annexing that territory, too?

Israel already had ample international difficulties, not all of its own making. By this one stroke, however, Menachem Begin has forfeited the solicitude that had flowed to Israel as a result of the death of Anwar Sadat and the AWACS deal; converted Syria, a radical, terror-minded, Soviet client state, into at least a temporary diplomatic partner of the United States; perplexed and embarrassed Israel's greatest friend and only partner, the United States; and deepened his own country's terrible isolation. Mr. Begin showed himself capable of statesmanship in making peace with Egypt. Israel needs his statesmanship now, desperately.

THE WASHINGTON POST

Miraculous Vote, Then Reality in Honduras

By Anne Nelson

TEGUCIGALPA, Honduras —

The Hondurans claimed that their election Nov. 29 demonstrated that they inhabited an "oasis of peace and tranquility" in the midst of the Central American storm. By evening on election day the capital city of Tegucigalpa was more raucous than tranquil, as triumphant Liberal Party members raced through the streets in trucks, waving the party's flag, and a motorcycle parade made its way to the cathedral, where President-elect Roberto Suazo Cordova went to give thanks for his miraculous victory.

In Honduras there was something miraculous about holding the election in the first place. It was the second general election since 1932; the last one, in 1971, was so tainted by fraud that only half the electorate bothered to vote. This election produced a record turnout, 80 to 90 percent of the electorate, and a landslide for the Liberals, including a surprising absolute majority in the Chamber of Deputies.

Strife Avoided

But beneath the euphoria and the novelty of a clean election, many Hondurans wondered how much it had to do with reality. If Suazo manages to serve out his four-year term of office without interruption by coup or assassination, it will be the first such tenure since 1928.

Honduras, with a population of 3.7 million, has always been considered the backwater of a backward region, and is the second poorest country in the Americas, next only to Haiti. Nonetheless, it has managed so far to avoid much of the civil strife that has tormented neighboring Nicaragua, El Salvador and Guatemala. "Here in Honduras you don't have the same social tensions you have in a place like El Salvador," said Edmond Bogran, a leading businessman. "The rich aren't as rich, and the assets of the nation aren't concentrated in the hands of so few."

The first crisis confronting the

new government will undoubtedly be the economy, a crisis that many Hondurans blame on the military regime that has governed the country since 1978. Military corruption has been taken for granted, and mismanagement of the banking system has brought the economy to the verge of collapse, until even the conservative private sector began to press for a change.

Capital Crisis

The capital crisis has become severe in recent weeks. One reason is the contagion of capital flight that has struck Central America. Honduras lost about 53 percent of its foreign reserves last year alone. By mid-November, its foreign reserves had plummeted to \$13 million. Another blow was last year's collapse, amid scandal, of Banfinca, a nationally based investment bank.

Suazo made corruption and the economy key issues of his campaign, but on a level that was more designed to attract growth than to appease the international banking community. Unfortunately, in order to edge back toward solvency, his administration may well be obliged to implement austerity programs that will hurt his standing with the populace, anti-corruption measures that will enrage the military and enforcement of existing land-reform laws that will alienate the big landowners.

The persistent question is how much of its power and perpetuity the military can be expected to yield. On one hand, Hondurans have a sense of dread that they will be contaminated with the same double dose of "subversion and repression" that has infected the rest of the region; on the other, they find themselves increasingly drawn beyond their own borders in a regional involvement seemingly beyond their control. There have been a number of border skirmishes with Nicaragua, and relations between the two countries are

strained by the presence of several thousand of former Somoza national guardsmen who use Honduras as their base of operations. Honduran military forces have taken an ambivalent attitude toward incursions by Salvadoran troops in pursuing guerrillas.

There have been discussions in the Central American capitals of the revival of Condeco, the Central American Defense Council that fell apart with the demise of the Somoza regime, its prime backer. Meetings between high-ranking Guatemalan, Salvadoran and Honduran military officials have been taking place over the past year to explore such an alliance. But while many Honduran military officers sympathize with the battles being fought in the neighboring countries, there is also an embittered contingent of young officers that were trained and groomed for service in the aftermath of the 1969 war with El Salvador. According to one Liberal Party leader close to military circles, "There are some that would just as soon fight the Salvadoran government troops as the Salvadoran guerrillas — they don't really make a distinction."

Much of the future military policy of Honduras may be decided with the appointment of the chief

of the Superior Council of the armed forces, the most powerful military position in the government. There has been some speculation that Gen. Policarpo Paz Garcia will attempt to claim the position when he steps down from the presidency in January.

U.S. Aid

Honduras' own guerrilla problems remain minimal; several spectacular arrests by the Honduran police around the time of the elections revealed safe-houses full of arms caches, but these were believed to be en route to El Salvador and Guatemala. Meanwhile, the United States has been steadily increasing its military as well as its economic aid to the country. Committed military loans and sales are expected to reach \$20 million in 1982, up from \$8.2 million in 1980.

Hondurans wonder how effective their new constitutional government will be in preserving the relatively tranquil, albeit bankrupt, way of life they have enjoyed until now. And they fear that, for all the electoral excitement, real progress will be harder to achieve.

Anne Nelson is the Central American correspondent for Maclean's Magazine. She wrote this article for the Los Angeles Times.

Dec. 21: From Our Pages of 75 and 50 Years Ago

1906: Deadlock in Majlis

TEHRAN — The financial position of Persia could not be worse. It has come to this pass owing to the opposition of the Majlis. The financial situation is a deadlock. The Majlis will not allow the government to obtain money to carry on the affairs of the country. The Majlis is itself without cash, and its members are quite incompetent to assume the reins of government. The country stands today entirely without money. The national budget account is overdrawn and the treasury is sorely in need of money. The salaries of those in the diplomatic service stand unpaid for a whole year. Money does not circulate, and the result is disastrous. To carry on the king's government is impossible.

1931: Hungary's Foreign Loans

BUDAPEST — Hungary will declare a transfer moratorium on most of its foreign loans and short-term credits before Christmas, it was learned from authoritative sources tonight. Tomorrow the Cabinet will discuss the final draft of the measure, and the bill providing for a moratorium will be submitted to the parliament on Tuesday. The transfer moratorium will relieve Hungary of interest and sinking fund payments totaling approximately 200 million pengos yearly. The moratorium, however, will not include pre-war loans, the 1924 League of Nations loan of 25 million Swiss francs, or the 1930 Treasury note issue for £5 million, which was largely taken over by the Banque de France.

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Albania Said to Bar Mourning for Shehu

By Reuters
BELGRADE — There has been national mourning in Albania for Premier Mehmet Shehu, 68, who committed suicide Thursday night, diplomatic sources said. Albania does not declare national mourning for people who take their own lives, the sources said. The Albanian ATA news agency Saturday quoted a statement by a Central Committee of the Albanian Communist Party and government as saying that Mr. Shehu committed suicide at a moment of serious breakdown. The brief statement gave no details of how he died. Mr. Shehu was the chief deputy and the presumed heir to communist Party chief Enver Hoxha.

Mr. Shehu's death seems unlikely to change policies in Albania, which prides itself on being the bastion of Stalinism, the sources said. The Central Committee secretary, Ramiz Alia, will most likely become number two in the power order, they added. Diplomats also emphasized that First Deputy Premier Adil Carcani is influential. Radio Tirana broadcast light music immediately after announcing Mr. Shehu's death, the sources said. There were no commemorative meetings, no flags at half-staff and no books of condolence were opened, they added. The flag at the Albanian Embassy in Belgrade was flying at full staff Saturday, and work went on as usual. Mr. Shehu gave the second speech at the party congress in Tirana last month, confirming his status as number two to Mr. Hoxha, who spoke first, the sources said. Mr. Shehu's age was showing on his face, though he sat to deliver it, they added. The sources dismissed speculation that the suicide was the result of a power struggle. Mr. Hoxha said to the congress that party

unity was firmer than ever, they said. Earlier last week Mr. Shehu received several foreign visitors, including Romanian Deputy Premier Cornel Borcia, the first Soviet bloc leader to visit Albania in 10 years, the sources said. Mr. Shehu's death leaves Mr. Hoxha as the only one of the Com-

OBITUARIES

unist leaders who took over Albania at the end of World War II still in power. Mr. Shehu fought in the international brigades against Franco in the Spanish Civil War and was a Communist partisan commander in Albania in World War II. After the war he became the chief of staff of the Albanian armed forces under Mr. Hoxha's command. In 1948 he became interior minister, in 1954 premier and in 1955 defense minister as well. He resigned as defense minister last year.

Mark Gayn
TORONTO (UPI) — Mark Gayn, 72, chief writer for foreign affairs for The Toronto Star, died Thursday of cancer. For nearly 50 years Mr. Gayn traveled the world, reporting on the political upheavals in China and Japan and serving stints on The Washington Post, Chicago Sun, St. Louis Post-Dispatch, Newsweek and Time magazines. He joined The Star in 1952.

Elizabeth E. Heffelfinger
NEW YORK (NYT) — Elizabeth E. Heffelfinger, 81, the Republican National Committee woman from Minnesota from 1948 to 1960 and the secretary of the party's 1960 national convention, died Saturday. Mrs. Heffelfinger was a key backer of Eisenhower for the Republican presidential



Mehmet Shehu in 1960. nomination in 1952. She was secretary of the party's national committee from 1957 to 1960.

Eugene Conley
DENTON, Texas (AP) — Eugene Conley, 73, a former lead singer of the Metropolitan Opera, died Friday. Mr. Conley sang for three years at La Scala in Milan and was a regular guest artist on "The Voice of Firestone" on U.S. radio and television.

Clark W. Thompson
GALVESTON, Texas (AP) — Former U.S. Rep. Clark W. Thompson, 86, who represented the 9th Congressional District for 20 years until 1967, died Wednesday at his home here.

James C. Healey
NEW YORK (NYT) — James C. Healey, 71, a Democratic congressman from the Bronx from 1956 to 1964, died Wednesday.

New Assertiveness Is Seen in Chinese Diplomacy

By Michael Parks
Los Angeles Times Service
PEKING — A new activism and assertiveness is developing in China's diplomacy, foreign observers and diplomats here say. After concentrating largely on bilateral relations for the last decade, Peking is now fashioning a major international role for itself and subtly reshaping its foreign policy as it does so. China speaks out at times as a

NEWS ANALYSIS

leading member of the Third World, a defender of developing nations' interests. At times it speaks as a member of the international Communist movement, a promoter of progressive causes, but most often simply as China. To tell the United States and the Soviet Union that they cannot run the United Nations nor dictate international affairs as they like, China recently vetoed the election of a third Secretary-General Kurt Waldheim and insisted on a Third World candidate.

Criticizing the Superpowers
 On the Middle East, southern Africa and in the dialogue between the industrialized and the developing world, China has articulated its own positions, usually moderate and practical, and has forcefully criticized the Soviet Union and the United States for pursuing their own interests at the expense of other countries. China also has expressed itself recently on East-West relations, U.S.-Soviet arms talks and other issues facing Europe, on unrest in Central America and on the general conduct of world affairs.

Diplomats in Peking say China appears to be determined to be heard as a major power whose views must be taken into account. China is also preparing a fall-back position, diplomats believe, against the possibility of its relations with the United States deteriorating over possible U.S. arms sales to Taiwan. The issue already has eroded the "strategic partnership" that Washington sought, and Peking is working now to ensure that its strategy of a "united front" against the Soviet Union survives any break.

Angered by Image
 China strongly resents its image as a nation too weak and preoccupied with internal affairs to play an international role. It is even more angry when characterized as a U.S. proxy. "China has its own views, its own policies, independent of other countries, and it will pursue those in the interests of world peace," a deputy foreign minister asserted recently. Diplomats here see resurgent strains of Chinese nationalism in this.

"The Chinese have long dreamed of making China a rich and powerful nation, and this has become the basis again of most of their current policies, including foreign policy," a European ambassador said. "They gave up the pretense of being a revolutionary power almost a decade ago, and have concentrated since then on improving bilateral relations," he added. "Now they seem to be seeking an international role as the world's most populous country and a crucial element in the global balance of power."

Increased Activity
 Chinese foreign affairs specialists acknowledge Peking's increased diplomatic activity, particularly in international forums and among Third World nations, but they put their country's evolving policies in a somewhat different perspective. China needs a peaceful international environment for its economic development, they say, recognizing what has been the premise of Chinese foreign policy for several years and is generally attributed to Deng Xiaoping, the powerful deputy chairman of the Chinese Communist Party.

The greatest threat to that comes from the Soviet Union, China believes, and the best protection is a front uniting the United States, Japan, Western Europe, Third World nations and China. Here problems arise, Chinese analysts say, for this grouping is far from an alliance; there is not even a strong coalition of interests. As a result of this analysis, Chinese diplomatic efforts are aimed at strengthening the alliance of interests that Peking would like to see develop. "No, we don't see ourselves as the world's peacemakers," a senior Chinese official recently told a visiting European politician, "but we do think we have a role, sometimes a crucial role, in forging a defense against the Soviet Union's global ambitions."

Peking has chosen to play that role largely in the Third World. During the past year, particularly since June, it has reached out to improve its relations with Third World countries, including India, its old Asian rival, and to put forward its positions, sometimes as a basis of possible compromise, in Southeast Asia, Africa and the Middle East.

China has long seen the Third World as the area most vulnerable to what it believes are Soviet desires for dominance. As a result, China has backed Saudi Arabia's Middle East peace plan. It has strongly supported the South-West Africa People's Organization in seeking independence for South-West Africa (Namibia), and called Reagan administration policies obstructive until those policies were modified to win African acceptance. At the North-South summit conference at Cancun, Mexico, in October, Premier Zhao Ziyang pressed the industrialized countries to pursue a dialogue with developing nations aimed at establishing a new world economic order.

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Envoys Say Peking Shaping Major World Role for Itself

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India Reports Little Progress in Border Talks With China

The Associated Press
NEW DELHI — India and China have agreed to continue talks on their disputed border despite little progress at the recent discussions in Peking, External Affairs Minister P. V. Narasimha Rao said during the weekend. The world's two most populous countries opened their first border and normalization talks in almost 20 years on Dec. 10 in an effort to improve strained relations. The five-day talks concluded without any "substantial progress" on the border question, Mr. Rao told a parliamentary committee on Saturday. The minister said both sides have agreed in the meantime to develop trade, economic and cultural relations. Committee members urged Mr. Rao that India should first concentrate on resolving the complicated and emotional border dispute. India maintains that China has illegally occupied 14,500 square miles (37,700 square kilometers) of Indian territory since the 1962 war and that Peking wrongfully claims 90,000 square miles of northeast India.

Criticism of China's Elite Schools Is Mounting

By Christopher S. Wren
New York Times Service
SHANGHAI — Zhao Jianping, a lively 7-year-old in a green sweater, selected another color from his crayon box, shifted his sheet of paper and sketched the white plastic rabbit that the teacher had set out as a model on her desk. The drawing class had begun at the Shiyuan Primary School in Shanghai, and the two dozen children concentrating on their task were clearly oblivious to the controversy that has revolved around the quality of education they are receiving. After the Cultural Revolution ended five years ago, Shiyuan School was designated a "key" school, one of an elite network across China that has benefited from more funds, better facilities and superior teachers. Restoring the System Resources were too limited to enrich all schools equally, the reasoning went. So the more promising schools were selected to focus on the brighter children, and thereby foster the talent to narrow China's technological gap with the West. The decision basically revived a system that had existed for a half-dozen years before the Cultural Revolution. "The idea behind the key

16 Feared Lost off Britain

Reuters
PENZANCE, England — The six-man crew and two children aboard the 1,400-ton freighter Union Star and the eight-man crew of a lifeboat that went to rescue them are feared drowned in mountainous seas off southwest England, authorities said. A body and wreckage from the lifeboat were washed ashore Sunday.

Even so, China's minister of education, Jiang Nanxing, charged in an article last month that practices such as key schools did not conform to the egalitarian educational principles set out by the Communist Party. "Some primary and middle schools," Mr. Jiang said, "have divided their classes into quick-progress and slow-progress categories. They only pay attention to teaching the students of the few quick classes, giving these students more homework and more frequent tests. This puts too much of a burden on the few students who excel, with an adverse effect on their all-round development." On the other hand, the schools take a laissez-faire attitude with regard to the education of most students, thus dampening the initiative of a large number of youths and children," Mr. Jiang said. But he stopped short of ordering an end to such inequality. While Shanghai's Educational Bureau has promised to eliminate the disparity in its schools as soon as possible, some schools have been given a reprieve by semantic juggling. The Shiyuan Primary School has been redesignated an experimental school, still deserving of special consideration. The school, with its unpainted

Concrete Floors, Scuffed Walls and Desks Worn by the Fidgeting of Countless Youngsters, Hardly Looks Exclusive by Western Standards.

But during a visit, its 853 pupils seemed alert and eager and its 71 teachers and staff dedicated. "The idea of abolishing key schools is to run every school well, not just to run some schools well," said Miss Yang, who first came to teach at the Shiyuan Primary School 28 years ago. In fact, Shanghai this fall summoned more than 1,000 high school teachers back to teach in city primary schools. Some key schools have been nicknamed "connection" schools because officials wangled places for their children, knowing that they would be better prepared for the competitive high school and college entrance examinations that ensure a promising future. Miss Yang said her pupils came from predominantly working class neighborhoods. About 40 percent of those who finish the sixth and final grade continue on to competitive high schools, which Miss Yang said was "slightly above average." An article in Peking's Red Flag journal earlier this year reported that only 60 percent of Chinese children finished primary school and that 30 percent passed examinations qualifying them for higher schooling.

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Mission to Hanoi by 4 U.S. Veterans Stirs Their Memories and Emotions

By Bernard Weinraub
New York Times Service
HANOI — Four American veterans of the Indochina War, trembling with emotion, stepped off a plane at a bleak Hanoi airport to an enthusiastic welcome by Vietnamese officials.

One of the veterans, Tom Bird, a former infantryman with the 1st Cavalry Division, started walking down the steps of the plane before noticing a group of North Vietnamese soldiers waiting to greet him. Mr. Bird swiftly returned to the plane, trembling. "My first instinct was to call the

whole thing off," said Mr. Bird several minutes later, as he returned outside. "It's just too strange. I feel a little out of control." Mr. Bird and three other veterans, led by Robert O. Muller, executive director of the Vietnam Veterans of America, were taken in limousines to the sprawling, Cuban-built Thang Loi (Victory) Hotel on the fringe of Hanoi. They are here on a six-day visit, which began Friday.

Missing Servicemen
 They plan to talk to officials here and in Ho Chi Minh City, formerly Saigon, about the issues of the estimated 2,500 American servicemen still unaccounted for since the end of the Vietnam war in 1975, and the impact of Agent Orange, a powerful defoliant that is suspected of causing genetic damage and other serious medical problems. Mr. Muller, a former Marine, said that his group wants to convince the Vietnamese to allow U.S. scientists into "heavy defoliated areas" to assess its effects. The other veterans who arrived Friday were Michael Harbert, a former Air Force sergeant who flew bombing missions over North and South Vietnam, and John Terzano, a former Navy seaman. During the flight from Bangkok aboard a packed Soviet-built Il'yushin 130, the veterans were alternately ebullient and reflective. "It's strange," said Mr. Muller. "I can't figure out if I know the passengers on the plane, if I have seen them before, if I know them or if they know me."

Missions Recalled
 Mr. Harbert stared out the window and recalled the missions he flew over the same lush green mountains, over the Ho Chi Minh trail and the Cambodian and Laotian border regions. "Nothing has changed, but everything has changed," he said. "I close my eyes and I am right back calling in air strikes over these places. It's so strange. I can still see the scars on the ground." "I feel so good coming back," said Mr. Bird, "but I can't look at these faces up the aisle. I feel frozen."

From the aircraft, approaching Hanoi through low clouds, the land was flat green, still pocked with crater holes. At the airport, Mr. Harbert said, "It's amazing to fly into Hanoi without people shooting at you. People are so quiet, the airport so simple. Like landing in a farm field. In Kansas or somewhere." Mr. Muller, who was crippled in the war, was carried down the airplane steps and was promptly surrounded by Vietnamese officials and local photographers. In his car, he said quietly, "I can't even sort out my emotions now. I can't believe it. I am in Hanoi."

China Asks Turkey To Play New Role
The Associated Press
PEKING — Premier Zhao Ziyang has told Turkish Foreign Minister Ilter Turkmen that Turkey is in a very important strategic position and that Peking hoped Ankara would play a greater role in international affairs, Peking Radio reported. During a visit to Peking, Mr. Turkmen also met with Deng Xiaoping, the Communist Party deputy chairman. The Chinese news agency said Mr. Turkmen and Chinese Foreign Minister Huang Hua later signed an agreement on economic, industrial and technical cooperation.

New Premier in Oslo Tackles Soviet Issues

By John Ausland
International Herald Tribune
OSLO — Kaare Willoch, the head of Norway's new Conservative government, is troubled by the same problem that faced his Labor Party predecessors: How to maintain harmonious relations with the Soviet Union while at the same time preparing for a possible attack from that quarter. Although Mr. Willoch, unlike Labor premiers, does not have to keep looking over his shoulder at a political left wing, he must still contend with the Norwegian version of the anti-nuclear movement that has swept over Europe. Defense Minister Anders Spangstad has acknowledged the public's concern about nuclear weapons. This has not, however, deterred him from accelerating several programs that were originally set in

ment. Mr. Stray conigned the proposal to a study group in the foreign office. Norwegian and Soviet delegations met here this month for yet another round of negotiations regarding the boundary line in the Barents Sea. In brief, the Norwegians maintain that the line should lie considerably to the east of where the Russians believe it should be. At stake is a lot of fish and perhaps a great deal of oil and gas.

Talks Limited
 Helge Vindenes, the Norwegian representative, and Boris Podtserov, the Soviet negotiator, spent most of their time arguing about the application of international law to the boundary line. Mr. Vindenes repeated the Norwegian offer to work out a compromise, but Mr. Podtserov showed no interest. Since the talks were limited to the boundary line, they were only of symbolic value. The Soviet Union has long made it clear that it is interested only in a package settlement of outstanding issues in the north. These include who is in charge in the waters and on the shelf around the Spitzbergen archipelago.

Like the boundary line, this also involves fish and perhaps oil and gas, but the main Soviet concern is that any drilling in the Barents Sea not interfere with the operation of its large naval forces based in the Murmansk area. While the Willoch government has been trying to establish working relations with the Soviet Union, Norwegian news organizations have been throwing sand in the gears with stories about KGB operations in Norway. The allegations include industrial espionage, spying on defense preparations in northern Norway and subsidies to the anti-nuclear movement. The Justice Department has described these stories as speculation. This led to intensified inquiries, however, is that the KGB has paid Norwegians to write articles regarding nuclear weapons. This commotion was precipitated by the expulsion several months ago of a KGB agent from Denmark for involvement in the peace movement. This led to intensified inquiries into the activities of several Soviet diplomats here who had previously served in Denmark.

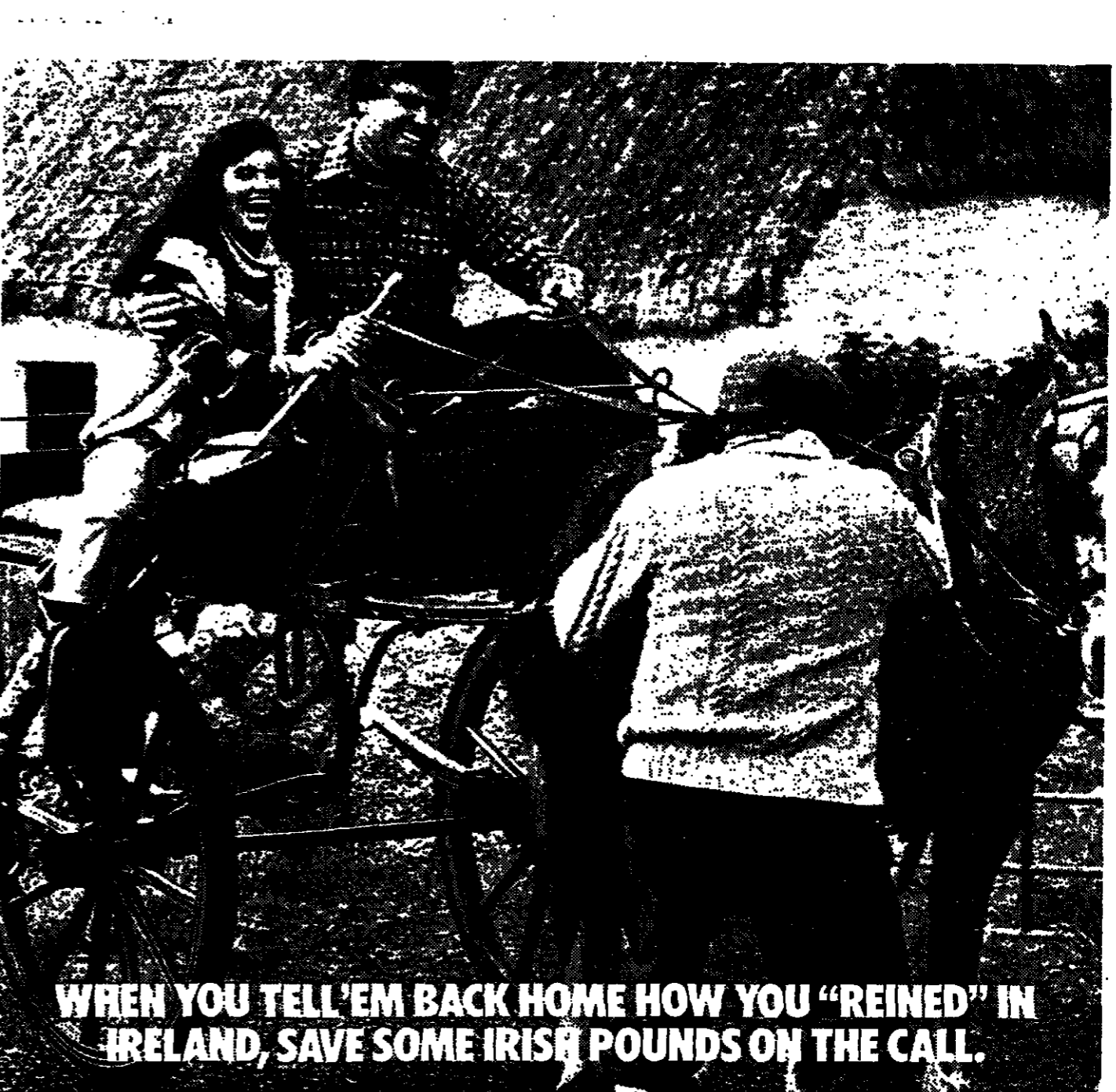
Broadcast Monopoly Ends
OSLO (AP) — The Norwegian government has ended the state's 48-year-old broadcasting monopoly by allowing 40 private companies and organizations to start local radio or cable television programs next year.

NEWS ANALYSIS

mission by the Labor government but had been allowed to languish this year out of deference to the party's left wing. These programs include stockpiling of supplies for a U.S. Marine brigade in central Norway, stockpiling of supplies for a Canadian battalion and an additional Norwegian regiment in northern Norway, and obtaining missiles for defense of Norwegian airfields. The last of these has gained increased significance as a result of extensive stockpiling at a number of airfields for allied aircraft.

Priorities Underlined
 Foreign Minister Svinn Stray underlined the government's priorities by sending his deputy, Ervin Berg, to Moscow for talks with Soviet officials while Mr. Stray went to Washington. One of the changes the Soviet Union will have noted both in the Moscow talks and the press reports on Mr. Stray's visit to Washington is a new note concerning the Labor government's proposal for a Nordic nuclear-free zone. Although the agitation over nuclear weapons makes it impossible for Mr. Willoch to repudiate this idea, he is even cooler to it than his Labor predecessors, who had it on their minds for their left wing. In a recent foreign policy address to the Storting, or parliament,

15th Fast-Attack Sub Commissioned in U.S.
The Associated Press
GROTON, Conn. — The Phoenix, a nuclear-powered submarine, as officially joined the U.S. Navy, ringing the fleet of fast-attack submarines to 15. The 360-foot (109-meter), 6,900-ton, torpedo-firing submarine was commissioned Saturday. It is the fifth Los Angeles-class submarine shivered by General Dynamics Corp.'s Electric Boat Division this year. It joins the fleet a little more than a month after the delivery of the Ohio, the first of the Navy's 10 new Trident missile-firing submarines.



WHEN YOU TELL 'EM BACK HOME HOW YOU "REINED" IN IRELAND, SAVE SOME IRISH POUNDS ON THE CALL.

Chinese Bricklayer Seeking His Father Gets Help in U.S.
Washington Post Service
LOS ANGELES — A Chinese bricklayer who has spent four years searching for the man he says is his American father has started a new job in the United States and says many people are trying to help him find his father. Zheng Lianqun, 34, was flown to Dover, Del., last week after being freed from a prison in Hong Kong. He will live in Dover and work at a Chinese restaurant run by his financial sponsor, Kae Chang, a Chinese-Vietnamese refugee. "I am very happy to be here," Mr. Zheng said in a telephone interview. "Many American friends are already trying to help me." Mr. Chang said a U.S. Navy veteran stopped at the restaurant and gave Mr. Zheng information about a woman in San Diego who may know his mother. Mr. Zheng has told the U.S. authorities that he was born in Tianjin, China, in 1947, and was left with friends and relatives when his Chinese mother went to San Diego to join the U.S. Marine she had married in 1946. Unable to obtain a U.S. visa after cajoling and pleading for years with American officials and journalists in Peking, Mr. Zheng crossed the border into Hong Kong illegally in May. Members of the U.S. Congress became interested in his case and persuaded the Immigration and Naturalization Service to grant him a "humanitarian parole."

The Irish have a way of making you feel like a queen. They put you up in one of their ancient castles. Invite you to lavish medieval banquets at night. And show you the most beautiful countryside in the world by day—in a jaunting cart, no less (with you holding the reins). But before you share it all with the folks back home, check out these pound-saving tips. Many hotels outside the U.S. charge exorbitant surcharge fees on international calls. And sometimes the fees are greater than the cost of the call itself. But if your hotel has TELEPLAN, the way to keep hotel

countries. And where they are, the hotel surcharges on such calls are usually low. Or you can avoid surcharges altogether by calling from the post office or from other telephone centers. **SAVE NIGHTS & WEEKENDS** Always check to see whether the country you're in has lower rates at night and on weekends. Usually the savings are considerable. You'll save a lot of green when you follow these tips. And a lot of gas when you travel by jaunting cart. **SAVE THESE OTHER WAYS** Telephone Company credit card and collect calls may be placed in many

Bell System

Reach out and touch someone

International Bond Prices - Week of Dec. 17

Provided by White Weld Securities, London; a Division of Financiere Credit Suisse - First Boston

RECENT ISSUES table with columns: Amt, Security, % Mat, Middle Price, Yield, and various bond details.

STRAIGHT BONDS All Currencies Except DM table with columns: Amt, Security, % Mat, Middle Price, Yield, and various bond details.

Main bond price table with columns: Amt, Security, % Mat, Middle Price, Yield, and various international bond details.

February 8 and 9, 1982 in Paris. The International Herald Tribune invites you to MEET THE NEW FRENCH ADMINISTRATION. The election of Francois Mitterrand and the subsequent Socialist victory in the French parliamentary elections clearly mark an important turning point for the French economy.

CONFERENCE REGISTRATION FORM. Return to: International Herald Tribune Conference Office, 181 Avenue Charles-de-Gaulle, 92521 Nanterre Cedex, France. Please enroll the following participant for the conference to be held February 8 and 9, 1982 in Paris.

HOTEL REGISTRATION FORM. Return to: The Intercontinental Hotel International Herald Tribune Conference, 3 Rue de Castiglione, 75040 Paris Cedex 01. Telephone: 260.37.80. Telex: 220114.

HIGHEST YIELDS to Average Life Below 5 Years, HIGHEST YIELDS to Average Life Above 5 Years, HIGHEST CURRENT YIELDS. Tables listing various bond yields and maturities.

WestLB advertisement. Eurobonds · DM Bonds · Schuldscheine for dealing prices call. DÜSSELDORF: Westdeutsche Landesbank, Head Office, P.O. Box 1128, 4000 Düsseldorf 1. Telephone 8 26 31 22 · Telex 8 581 881 · International Bond Trading Dept. Telephone 8 26 37 41 · Telex 8 581 882 · Intern. Institutional Investors Dept.

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السوق المالية

Automakers Expect Help From Reagan

WASHINGTON — President Reagan has assured the auto industry that he will help it get auto emission standards relaxed...

With L-1011 Dead, Leader Of Lockheed Presses Ahead

By Thomas C. Hayes New York Times Service LOS ANGELES — For more than a decade, the giant Lockheed Corp. could be found in the same corporate constellation as several other flickering stars...

darkest hours not long ago, is in itself an achievement. The credit belongs largely to one man, Roy A. Anderson. The company's senior financial officer as the crisis broke and nearly landed Lockheed in bankruptcy court...



Roy A. Anderson 'No fun' killing the L-1011

It was a decision that the financial community endorsed. The day after the Dec. 7 announcement, Lockheed's stock jumped 74 points on the New York Stock Exchange to 49 1/2...

Big New British Telecom Agency Is Having Bureaucracy Problems

By Merrill Brown Washington Post Service LONDON — The British government, pressed to revitalize sagging industry, is placing heavy emphasis on developing a telecommunications business that is competitive despite being government-controlled.

and Plessey. The new act allows other firms to compete for the \$300 million to \$400 million subscriber market...

the precedent and the risk to the government. BT's promotional literature speaks directly of the need to borrow about \$200 million this year to meet its investment needs.

'If we are to be market responsive, we can't be stuck with government financial policy'

But despite the enthusiasm for the venture, British Telecom seems caught in the web that entangles much of this country's business: the uncertainty that a government-owned company has in dealing with the private sector.

The separation is the first major product of the British Telecommunications Act, which officials are calling "the most important industrial measure" enacted by the government.

Also tying the company's hands, officials say, is a bloated BT bureaucracy. BT's junior executives say officials maintain the attitude of a government bureaucrat and are leary of competing with private concerns.

Yuletide Bringing Little Joy to U.S. Retailers

By Karen W. Aronson New York Times Service NEW YORK — Cite the Federal Reserve if you will, blame President Reagan or David A. Stockman or the supply-siders or the oil companies...

Even now, Lockheed's hair-thin profit margins look more like those of a supermarket chain than a major defense contractor. Long-term debt has soared again. And Lockheed faces losing another big piece of its business, the P-3C Orion anti-submarine plane that it has been building for the Navy.

Even a 20 percent improvement in car sales would not save the industry. And you can say the same thing about home building. Many economists are predicting that the effects of the continuing low sales in those industries will continue to ripple through the economy.

High interest rates, while ruining sales of homes and durable goods, are generating generous returns for the millions of Americans who have set something aside in such investments as money market funds. The tax cut of Oct. 1, small as it was, has been a help, too.

Market's Activity Slows Before the Holidays

By William Ellington AP-Dow Jones LONDON — International dollar bond prices eased slightly last week in slow trading amid indications that investors and traders were reluctant to make commitments before the new year.

mark deposits in London rose to 10.81 percent offered from 10.5 percent a week earlier. According to calculations of Credit Suisse-First Boston, Deutsche-mark-denominated Eurobonds were yielding 10.40 percent at the end of the week.

Table with Eurobond Yields and Market Turnover data. Columns include instrument type, yield, and turnover values.

Table with Currency Rates and Dollar Values data. Columns include currency, rate, and dollar value.

Phillips to Start Oil Output From Ivory Coast Field

LONDON — Phillips Petroleum expects to start producing oil next year from an offshore field in the Ivory Coast, a move which will boost the West African country's hopes of being a significant exporter by the end of the 1980s.

Advertisement for André Coussement, 1931-1981, featuring a portrait and text: 'A friend has left us André Coussement 1931 - 1981 from The International Banking Community'

Large advertisement for Agip S.p.A. Acceptance Credit Facility, listing various banks and services. Includes text: 'Hydrocarbons International Holding S.A., Luxembourg Tradinvest Purchasing Company Limited, Bermuda Hydrocarbons International N.V., Curaçao £200,000,000 Acceptance Credit Facility'.

International Bond Prices - Week of Dec. 17

Provided by White Weld Securities, London; a Division of Financiere Credit Suisse - First Boston

Table of International Bond Prices, including columns for Country, Issuer, Maturity, and Price. Includes sub-sections for DM STRAIGHT BONDS and CONVERTIBLE BONDS.

DM STRAIGHT BONDS table listing various bond issues with columns for Country, Issuer, Maturity, and Price.

Table of International Bond Prices (continued), listing various international bonds and their market data.

Table of Convertible Bonds, listing convertible bond issues with columns for Country, Issuer, Maturity, and Price.

Table of American Exchange Options, listing various options with columns for Option Name, Call, and Put prices.

Advertisement for Britannia International Finance Limited, featuring information about U.S. Dollar 5 1/4% Guaranteed Convertible Bonds due 1987 and a notice of modification of rights.

Advertisement for Gold Options and Valuers White Weld S.A., including a table of Gold Options prices and contact information for the firm.

Advertisement titled 'HIGHEST CURRENT YIELDS' on convertibles with a conversion premium of less than 10%.

Advertisement titled 'COMING IN FEBRUARY FREIGHT & TRANSPORT' with contact information for Mrs. Mandy Luster.

Handwritten signature and additional notes at the bottom of the page.

Bosch Buys Its Ticket Into Communications

By John Tagliabue
New York Times Service
SFUTTIGART — Some people like to think of Robert Bosch as a West German auto parts company with hobbies.

Although Bosch diversified into products like home appliances and radio equipment as early as the 1920s, its reputation still rests largely on its sophisticated auto ignitions, fuel injection and lighting systems.

But now Bosch plans a major investment in telecommunications, using as a channel the operations of the faltering AEG-Telefunken group. Executives at Bosch headquarters outside the south German city hope the new venture will grow into one of its most profitable.

"This is the entrance ticket to a market we think has an enormous future," said Kurt Lotzen, the Bosch board member for sales and international activities. "We already have much of the know-how. We now will have the possibility to develop very interesting comprehensive systems."

The development is being watched closely in Europe. The telecommunications sector is widely expected to see tremendous expansion in the 1980s. In addition, family-owned Bosch is viewed as something of a pillar of fiscal and managerial stability in a West German industrial world where recession, strained finances and spreading pessimism are causing a record number of bankruptcies among weak companies and shrinking profits shockingly even among the traditionally strong ones.

In recent weeks, Bosch has entered into a complex series of deals that will give it, by 1983, a controlling share of Telefunken and Normalzeit, the telephone systems manufacturer now 41 percent owned by AEG-Telefunken, and strong minority interests in AEG's telecommunications division and Olympia office machine subsidiary.

It will share these interests with Mannesmann, a steel company that is also branching out into electronics, and with several banks and an insurance company to establish a large new West German telecommunications group.

The idea is to bring Bosch's capital and expertise in things like radio and television equipment, power antennas and wide-band communications equipment to the AEG division that is among its most profitable but that could be dragged down by the overall weakness of the parent. AEG has paid no dividends since 1973, and expects its domestic group to lose 650 million Deutsche marks this year.

Abu Dhabi Aide Predicts Rise in Output Capacity

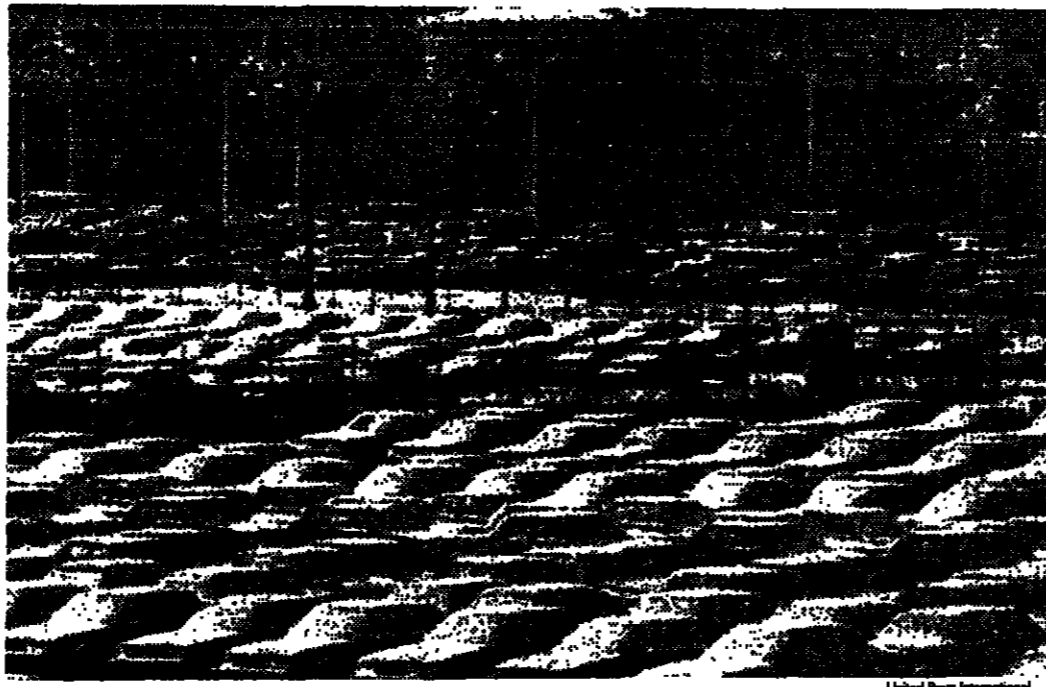
United Press International
NICOSIA — Abu Dhabi is planning to expand its crude oil production capacity to 3 million barrels a day by the end of 1985, the Middle East Economic Survey said Sunday.

Mana Said al-Oteibi, Abu Dhabi minister of petroleum and mineral resources, told the authoritative oil publication that the Gulf state is conducting an extensive program of oil and gas exploration and development.

"We are sure that we have sufficient oil for at least one century to come, at the present levels of exploration," the minister said. "We are starting with studies of our main onshore fields, hoping to improve the recovery factor."

Mr. Oteibi made it clear that production would not necessarily be increased to full capacity.

MEES said that the present production capacity is difficult to estimate. Although the total rated capacity of the installations is approximately 1.8 million barrels a day, the actual usable or sustainable capacity probably would not be more than 1.3 to 1.4 million barrels a day, it said.



Chrysler faces bleak Christmas as hundreds of cars sit frozen outside one of its Detroit plants.

Chairman's Role Cited in Survival of Lockheed

(Continued From Page 7)

sell the L-1011, said Alan Benasuli, aerospace industry analyst for Drexel Burnham Lambert. "But it made no sense to continue carrying the L-1011 out another five or six years, at losses of more than \$150 million a year, and after all that then decide to kill it. They're better off having it out of the way now."

On Dec. 7, after sitting through another discouraging management discussion on the plane's outlook for orders, the 15 directors of Lockheed voted unanimously to halt production of the L-1011.

"I suspect that was the toughest decision I'll ever have to make or participate in making," Mr. Anderson said, alternately reflective and ebullient in an interview shortly after the board vote.

Mr. Anderson, 62, was the fourth of six children raised on a small farm near Ripon in central California. "We had a rough go," he recalled. "My parents were hard-working, honest people. But it was the Depression and times were hard for everybody. You learn certain values from that that stay with you."

A top student who excelled in math, he skipped a grade in high school. But, lacking the money for college, he studied bookkeeping in a local business school. With the help of the Navy he attended Kansas State Teachers College, Tulane University and Harvard for training as a supply officer. After the war, he finished an undergraduate degree in economics and business at Stanford University and later graduated from the Stanford Business School.

The semi-weekly flights to the East Coast that he made during

Lockheed Slips to No. 6 as Arms Supplier

New York Times Service
WASHINGTON — It has been a steep slide down the ladder of defense contracting for Lockheed. The Pentagon's No. 1 supplier in 1970 with 5.9 percent of the arms market, the company now stands in sixth place with its market share of 2.7 percent.

A decade ago, Lockheed had \$1.8 billion in contract awards for such products as the C-5A Galaxy and P-3 Orion aircraft, Polaris and Poseidon ballistic missiles and the Agena spacecraft booster. Last year, its contracts, worth \$2 billion, covered work on the Trident, Polaris and Standard ARM missiles, the P-3 Orion, C-141 Starlifter, C-5 Galaxy and C-130 Hercules aircraft, as well as space vehicles and amphibious assault ships.

In fiscal 1980, Lockheed, according to the Defense Department figures, was displaced by the following companies:

- General Dynamics. From second place a decade ago with contract awards from the Pentagon of \$1.18 billion, its total last year came to \$3.5 billion. With a market share of 4.6 percent, it supplied F-16 and F-111 aircraft, Stinger and Rimg-66 missiles, the MK-15 weapon system and nuclear submarines.
- McDonnell Douglas. Ranking fifth in 1970 with

\$883 million of contracts, its military sales in 1980 totaled \$3.24 billion and its market share was 4.2 percent. Its major products included F-15 Eagle, F-4 Phantom, F-18 fighter aircraft and the C-10 cargo plane plus Harpoon, Tomahawk and Dragon missiles.

United Technologies. Previously known as United Aircraft, this firm captured 4 percent of the market with \$3.1 billion worth of contract awards last year for F-100, TF-30, TF-33 and J-56 turbofan and turbojet engines plus work on UH-60 Utras and the CH-53 Sea Stallion helicopters.

Boeing. The company has doubled its share of the market since 1970 to 3.1 percent and moved up from 12th place to awards last year of \$2.4 billion. Its products include the Airborne Warning and Control System, the Tomahawk, Shorad, Minuteman and Roland missile systems, radio and television equipment for the Advanced Airborne Command Post and airframe components.

General Electric. After being in third place in 1970, its awards last year came to \$2.2 billion, and its market share was 2.9 percent. It sells the Pentagon nuclear submarines, F-18 fighter aircraft engines UH-60 Utras helicopter engines, the Minuteman missile and miscellaneous electronics equipment.

Boeing's 747, which had the advantage of being introduced early in the competition, and to McDonnell Douglas' DC-10, which developed problems only later when safety questions were raised about the plane.

The Tristar has recorded 244 sales since its introduction in 1971, compared with 574 for the 747 and 366 for the DC-10 as of June 30. Lockheed said early that sales of 300 planes were needed to break even. This fall the break-even point was said to be 500.

Then there is the \$400-million

writoff, the bill for completing another 20 planes on firm order and for working off its inventory. The process will take two years.

And the L-1011 decision is certain to result in reductions in the workforce in the Lockheed California division, where 9,500 persons are working on the Tristar. And the Pentagon's decision to halt orders for the P-3C Orion raised more fears among the division's 23,000 employees.

Mr. Anderson emphasized that the California division is "working to pick up new business" and that

Depressed U.S. Economy Biting Into Retailers' Peak Sales Season

(Continued From Page 7)

retail sales looked healthier than some economists had feared. The Commerce Department reported that retail sales in November rose eight-tenths of 1 percent from October.

Still, as pointed out by Edward Guay, chief economist at Connecticut General Life Insurance, "They are up less than inflation."

Moreover, year-to-year results show definite slides at some major store chains. While K Mart registered a sales increase of 16.2 percent and Dayton Hudson a rise 11.1 percent in November, Sears, J.C. Penney and Woolworth, for example, all reported declines.

At J.C. Penney, despite its sales decline, a confident note is struck. The chain is having "a good December," according to Duncan Muir, a spokesman, with catalogue sales exceeding expectations while

other sales are on target. "We've heard all the gloom and doom," Mr. Muir said, "but we're having a good December, so we're pretty pleased around here." He added that the store's inventories are also in better shape now than they had been, and are slightly below the levels at this time a year ago.

At K Mart, which expects sales gains to run "in the high teens" during December, Susan McKelvey, publicity director for the chain, said that "The first week of December was softer than plan, especially in the industrial Midwest." But, she added, "We have reason to believe that the second week was close to plan. And we expect a repeat of last year's buying behavior, when we saw a very strong buying surge in the final week before Christmas. We're just hoping that the weather will cooperate with a light blanket of snow on the grass, but not on the streets,

and a temperature that is cold, but not very cold."

Many such chains are sacrificing some of their profits to lure customers, by increasing their promotional budgets and cutting prices. "We're advertising very heavily and taking deeper discounts on much of our merchandise," said Miss McKelvey.

The stores that are ailing now should offer real bargains early next year. "Retailers will be stuck with some excess inventory going into January," Mr. Guay predicts. "So anyone with patience will find more markdowns both in the last few days before Christmas and in the weeks after Christmas."

Indeed, in Seuss-like fashion, some of economists are betting that the badder things get, the better they may turn out. That is, most see in the present economic weakness the foundation for a healthy recovery next year.

The deeper than expected decline, Mr. Weidenbaum said, "makes it more likely that we will have a strong rebound."

"Right now everyone is focusing on how bad things are, but I'd expect people to be surprised at the growth in sales during the first half of next year," Mr. Guay predicted. "The turn in sales is coming right now, though it won't show for Christmas. By the second quarter, we will have favorable retail sales on a year-over-year basis."

Reasons for Hope

He maintains that the liquidity of the consumer and the greater availability of credit at better terms will fuel retail sales. Industrial production, he said, should be somewhat slower to return to normal, but that that, too, should improve by the second quarter of 1982. "The return to the healthy economy is taking place right now, although all the economic data are lagging and are still chronicling the decline," he said.

But while many economists agree with that scenario, most of them also say that the strength of the recovery really depends on government policy.

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Symbol	Sales	High	Low	Last	Change
DuPont	78,200	12 1/2	12	12 1/2	+1/4
HouOTR	62,000	20 1/2	19 1/2	20 1/2	+1/4
IBM	681,200	7 1/4	7 1/4	7 1/4	+1/4
GM	499,800	14 1/2	14 1/2	14 1/2	+1/4
Intel	491,200	3 1/4	3 1/4	3 1/4	+1/4
Walt	372,200	2 1/4	2 1/4	2 1/4	+1/4
Amstar	332,700	8 1/4	7 1/4	8 1/4	+1/4
Amstar	332,700	8 1/4	7 1/4	8 1/4	+1/4
Bradley	302,000	19 1/4	18 1/4	19 1/4	+1/4

Volume: 23,770,000 shares
Year to Date: 1,383,126,000 shares
Issues traded: 127
Advances: 304 / declines: 477 / unchanged: 156
New Highs: 20 / new lows: 70



Crédit National

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Caisse des Dépôts et Consignations

Banque Bruxelles Lambert S.A.

Banque Nationale de Paris

Chase Merchant Banking Group

Chemical Bank International Group

Lloyds Bank International Limited

Mitsubishi Bank (Europe) S.A.

Morgan Guaranty Trust Company of New York

Managed by

Algemeine Bank Nederland N.V./Banque de Neufilze, Schlumberger, Mallet

Banco de Vizcaya (Paris Branch)

Bank of Montreal

The Bank of Tokyo Ltd.

Banque de l'Indochine et de Suez

Banque Internationale de Gestion et de Trésorerie - BIGT

Barclays Bank S.A., Paris

Crédit Commercial de France

Gulf Riyad Bank E.C.

The Long-Term Credit Bank of Japan, Limited

Zentralsparkasse und Kommerzbank Wien

Co-Managed by

Caisse Centrale des Banques Populaires

Crédit du Nord

Crédit Industriel et Commercial

Kleinwort, Benson Limited

Société Centrale de Banque

The Sanwa Bank, Limited

Dealers for ECU Notes

Goldman Sachs International Corp.

Crédit Lyonnais

Banque Nationale de Paris

Chase Manhattan Limited


Caisse des Dépôts et Consignations

Lloyds Bank International Limited

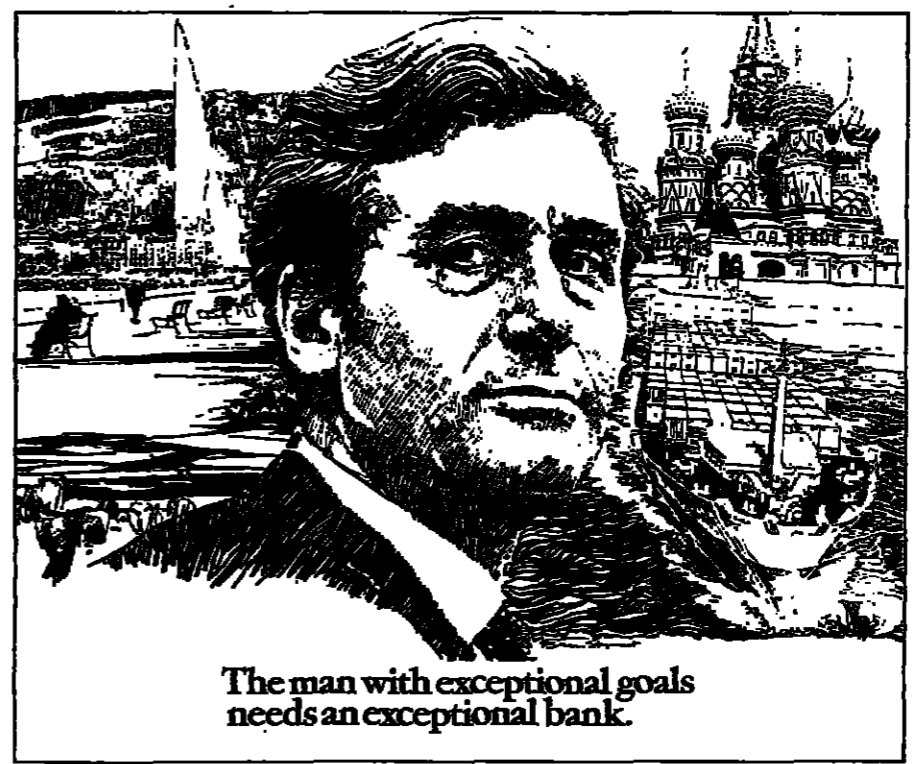
Morgan Guaranty Ltd

Agent

Crédit Lyonnais



July 1981



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In our Group we serve our customers exceptionally well—and we do that in a number of ways. To begin with, we concentrate on the things we do best, such as trade and export financing, foreign exchange and banknotes, money market transactions and precious metals.

Secondly, our clients in Switzerland or abroad benefit from TDB's worldwide network of

affiliates and correspondent banks. This includes not only the major financial centers, such as New York, London and Paris, but also a number of less familiar places, where our exceptional knowledge of local conditions can be a big help in your business.

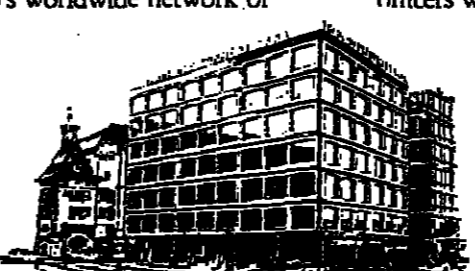
While our operations are international, we run our back-office systems with typical Swiss efficiency and discretion. You may not notice this directly, but it shows up in quicker decisions and fewer errors.

So the next time you visit any of the cities listed at right, drop in to see us. Our multilingual account officers will be glad to welcome you

and talk over your individual banking needs, wherever you do business.

TDB Holding Group: US\$ 10.4 billion in assets; US\$ 887 million in capital and loan funds employed, as of June 30, 1981.

Group banks: Geneva, London, Paris, Luxembourg, New York (Republic National Bank of New York), Athens, Buenos Aires, Chisasso, George Town, Hong Kong, Las Angeles, Miami, Monte Carlo, Montevideo, Nassau, Panama City, Punta del Este, Santiago de Chile. Representative offices: Beirut, Caracas, Frankfurt, Mexico City, Rio de Janeiro, São Paulo, Tokyo.



Trade Development Bank

Shown at left, the head office of Trade Development Bank, Geneva, Swiss subsidiary of the Trade Development Bank Holding Group, Luxembourg. TDB is now the sixth largest commercial bank in Switzerland.

AP Photo/John... (Handwritten signature)

Over-the-Counter

Table with columns: Ticker, High, Low, Last, Change. Lists various stock symbols and their price movements.

Table with columns: Ticker, High, Low, Last, Change. Continuation of stock market data.

Table with columns: Ticker, High, Low, Last, Change. Continuation of stock market data.

Page Happy to Retire After 15 Years in NFL

CHICAGO — Alan Page, a defensive tackle with the Chicago Bears, closed out his 15-year pro football career Sunday. ... "The importance [of pro football] in this world is far out of proportion to what it really is — entertainment. I would feel as though I wasn't being true to myself if I became part of the hype."



Alan Page ... ready for a new life.

His credentials are extensive: Prep All-American at Canton, Ohio, Central Catholic; All-American defensive end on Notre Dame's unbeaten (9-0-1) 1966 national championship team; an anchor of all four of the Minnesota Vikings Super Bowl contenders; the only defensive player to win the NFL's Most Valuable Player award (1971), and a seasoned professional who played 15 years in a sport where the average career spans just six, including 206 consecutive starts.

U.S. College Basketball Scores

Table of college basketball scores for Friday and Saturday. Includes sections for Friday's Results, Saturday's Results, NBA Standings, and NHL Standings.

Advertisement for 'Allgemein' newspaper. Text: 'Allgemein DEUTSCHLAND 1,070,000 Readers*'. Includes details about the newspaper's reach and subscription information.



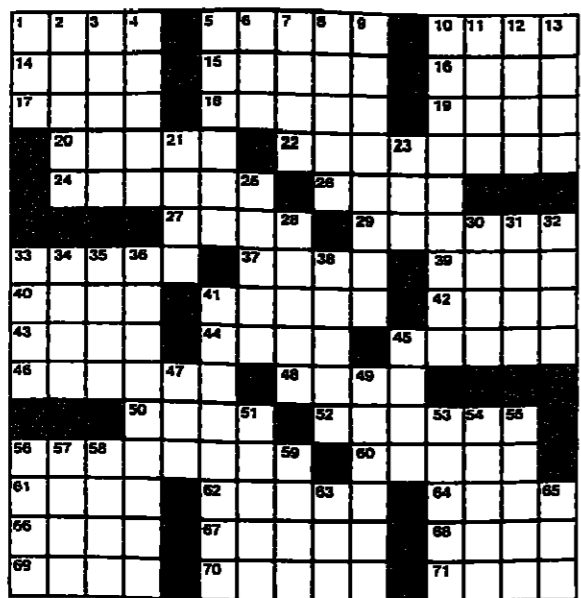
Utah center Danny Schayes snarling as he pulls a rebound away from Kansas City center Leon Douglas in National Basketball Association action Friday. Kansas City won, 100-95.

Transactions: OAKLAND American League ... HOUSTON ASTROS ... FOOTBALL: NATIONAL FOOTBALL LEAGUE ... HOCKEY: NHL — Suspended Jimmy Mann, right wing, Wednesday, for three games and fined him \$500 for slapping lineman Greg Crozier in a game Dec. 19.

CLASSIFIED ADVERTISEMENTS: ESCORTS & GUIDES, REGENCY - USA, ESCORT SERVICE, CAPRICE, L'ELEGANCE. Includes contact information for various services.

CROSSWORD

By Eugene T. Malaska

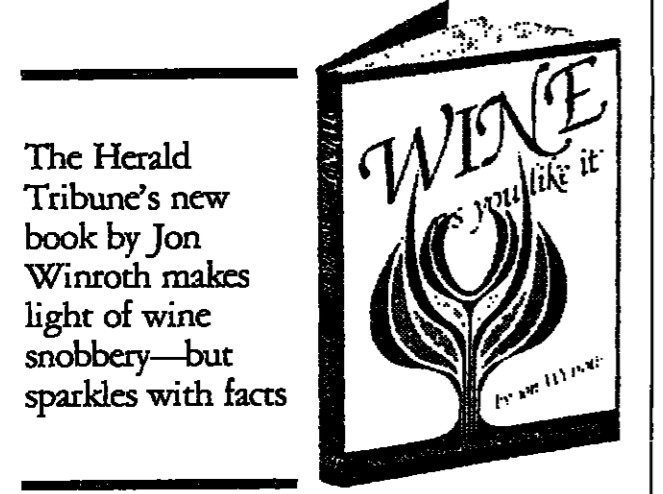


- ACROSS: 1 Antony, 5 Pentateuch, 10 Affirmatives, 14 River into the Baltic, 15 Wing part, 16 Escutcheon border, 17 Sly trick, 18 Like Cugat's rhythm, 19 Cartoonist Gross, 20 'Call Me' by Moses, 22 Feast of Lights, 24 Trek led by Moses, 26 Amigo's emphatic approval, 27 Jewish month, 29 She could use clues re locale of ewes, 33 Hiding place: slang, 37 Facts and figures, 39 Graceful woman, 40 Noddy woman, 41 Small container for liquids, 42 Good, 43 Algerian port, 44 Holiday boon for some, 45 Conedian Richard, 46 Snack for José, 48 Soothe, 54 A son of Jacob and Israeli tribe, 52 Horn made from a ram's horns (same as tsadi), 56 Candelabra for 22 Across, 60 Battery terminal, childhood home, 10 Holy day in Tibet, 11 Estrada, 12 — breve, 13 Adam's third son, 61 Shake — (hile), 62 Demolish, 64 In — (instead of), 67 Molding, 68 Diva's song, 69 Take on cargo, 70 Solomon ruled one, 71 Desires, DOWN: 1 Cut the lawn, 2 — a dozen, 3 Enjoy a vacation, 4 Belief, 5 Collection of Jewish law, 6 Wave, in Spain, 7 Boss's title, 8 Another name, 9 Twain's, 21 One of Esau's wives, 23 Serviceman's org., 25 Hebrew letter (same as tsadi), 28 — Cain, 29 Weir, 31 Theorist, 32 Atlantic Beach attraction, 33 Vegas machine, 34 Home of Irish kings, 35 Genesis name, 36 Where 56 Across are displayed, 38 British by-eyes, 41 Pillager, 45 Laborer south of the border, 47 Roman household god, 51 Go away, with 'off', 53 Raid, 54 Worship, 55 Type of bag used in baseball, 56 Shopping-center feature, 57 Lamb's pen name, 58 Requirement, 59 Fortico, 63 — justice for, 65 Owns

WEATHER

Table with columns for High, Low, and weather conditions for various cities including Algierve, Athens, Auckland, Bangkok, Beirut, Berlin, Boston, Brussels, Bucharest, Budapest, Buenos Aires, Cairo, Cape Town, Casablanca, Chicago, Copenhagen, Costa del Sol, Damascus, Dublin, Edinburgh, Florence, Frankfurt, Geneva, Helsinki, Hong Kong, Houston, Istanbul, Jerusalem, Las Palmas, Lima, Lisbon, London, Los Angeles, Madrid, Manila, Mexico City, Miami, Milan, Montreal, Moscow, Munich, Nassau, New Delhi, New York, Nice, Oslo, Paris, Perth, Prague, Reykjavik, Rio de Janeiro, Rome, Salisbury, Sao Paulo, Seoul, Shanghai, Singapore, Stockholm, Sydney, Taipei, Tel Aviv, Tokyo, Tunis, Venice, Vienna, Warsaw, Washington, Zurich.

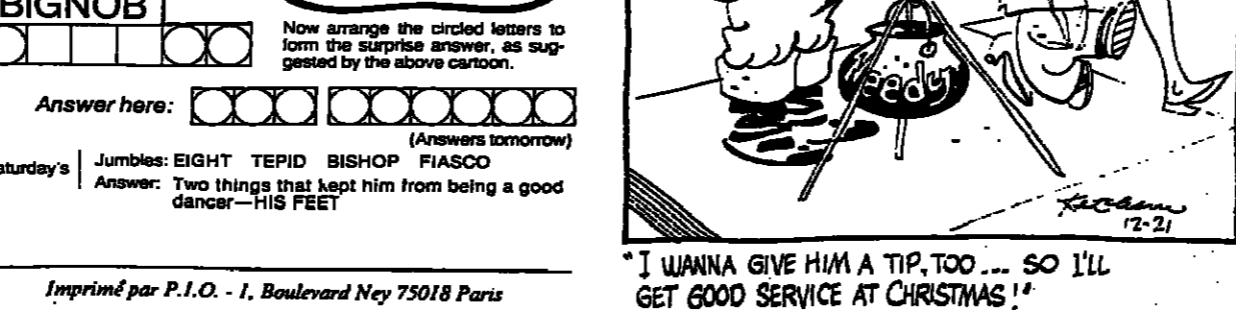
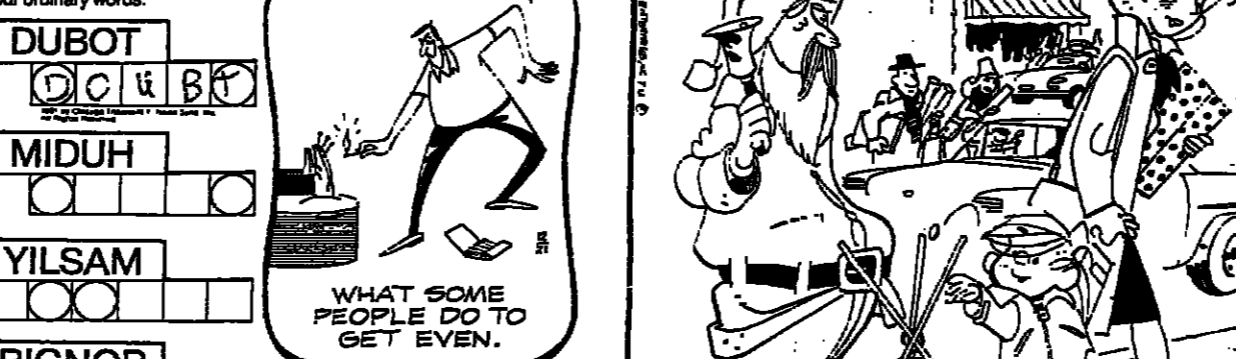
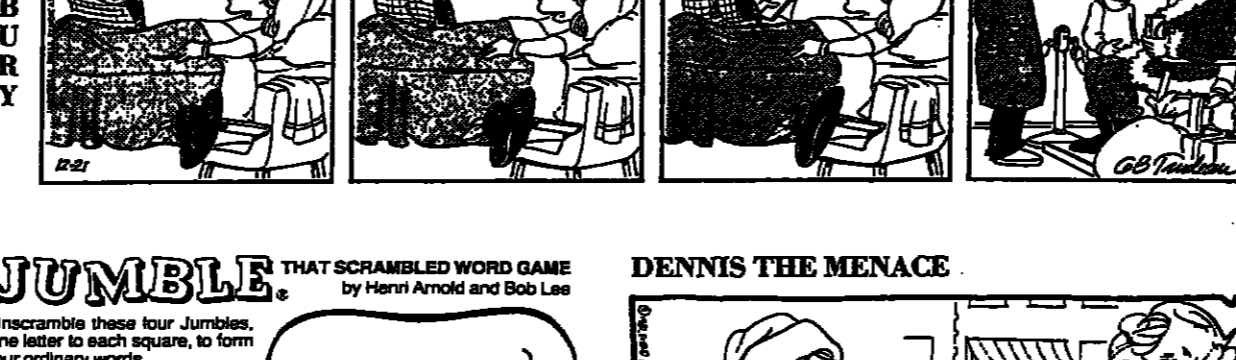
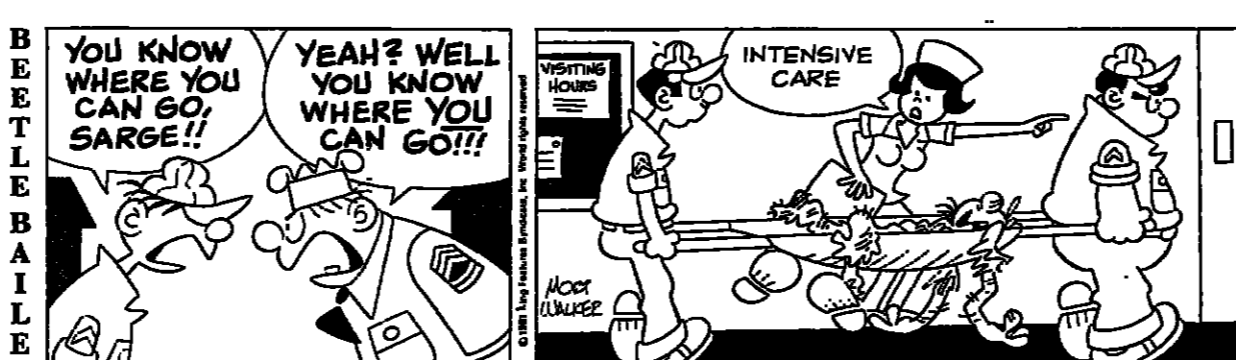
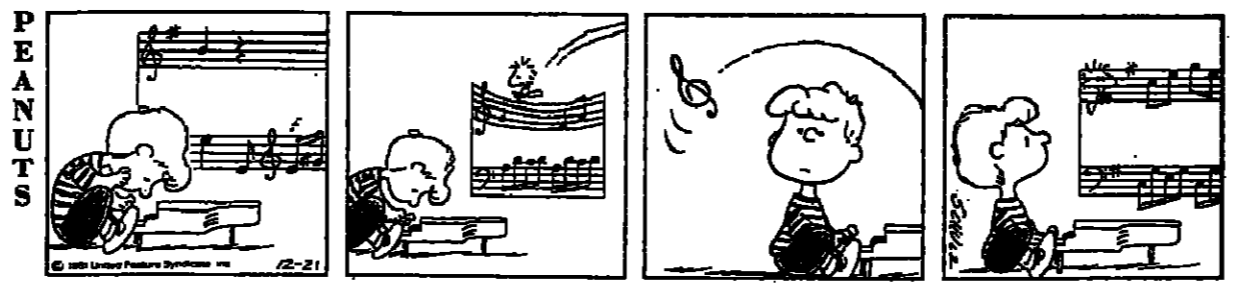
«Wine is meant to be enjoyed, not analyzed to death.»



This quotation is from Jon Winroth's new and highly professional book, in which he rejects the windy pontification so often associated with wine buying, wine tasting and wine serving. Witty, chatty, and often irreverent, this is a book of our time. For those who know wines and those who don't, there's much to be learned from WINE AS YOU LIKE IT. Order a copy today for yourself—and some extras while you're at it. A perfect gift for friends or family.



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BOOKS

PICASSO The Early Years, 1881-1907. By Josep Palau i Fabri. (Illustrated.) \$160 until Dec. 31; \$175 thereafter. Rizzoli International Publications, 712 Fifth Avenue, N.Y., N.Y. 10019. Reviewed by Anatole Brodyard

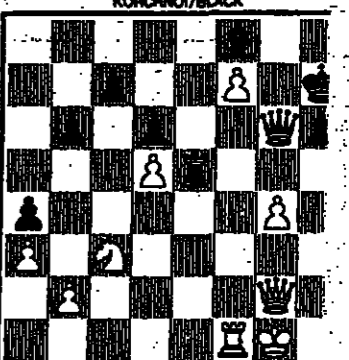
ONE forgives Josep Palau i Fabri for his text in "Picasso: The Early Years, 1881-1907" for the sake of the hundreds of illustrations — some of them quite rare — that he has assembled in this encyclopedic but elegantly printed book. Many of the pictures are interesting in their own right and others for what they tell us about Picasso's development. In his exhaustive presentation of Picasso's genealogy, Palau i Fabri is like those Spaniards who recite in a sonorous voice, rolling the 'r's and relishing the gutturals, the long list of their family names. With true Catalan gusto, he defines the book as "an exploration, as immediate and intimate as possible, of a man of exceptional inner resources, who expressed his states of mind, his passions, his climaxes, his yearnings, his speculations, his shifts of mood and sensibility, his impressions, his emotions, his rages, his well-being or his distress, through the varied media of drawing, painting, sculpture, engraving, ceramics." The flamboyant Picasso himself might have winced at this encomium. Picasso's first drawings, which have not survived, were of spirals, expressing his fondness for charlatans, or sugar-dusted fitters. The earliest drawings in the book, done when Picasso was 8 or 9 years old, are remarkable. So is a painting, from 1889, of the port of Malaga. In 1891, he did a drawing of donkeys mating.

Sentimental Taste. Though the young Picasso turned out his share of wooden or academic drawings, there is a powerful painting of his Aunt Pepa, done in 1896, that shows an amazing psychological grasp. We are almost relieved to see that Picasso was capable of darning a number of irresolute landscapes, as well as conventional El Greco-like elongations. At first, Picasso seemed almost compulsively attracted to pathetic huddled, cringing, begging, blind, isolated figures. One impression painting from 1903 shows three cry-stricken barefooted people implacably choosing to freeze on a very beach. It would not be too much to call Picasso's taste sentimental in this period. We forget how good Picasso was direct portraiture until we see what like "The Procuress" of 1904, shows a strong-faced woman with one eye, a stiff-necked and one milky, blinded. The "Old Guitarist" in 1903 and "Ironing Woman" of 1904 announce a long period of blue and pink romanticism that included the superb "Woman With a Raven." "Woman a Chemise" and the acrobat scene which reached its apotheosis in a large 1905 picture of a family of acrobats, who, as Meyer Schapiro pointed out, are all gazing, in self-isolation, in different directions. "Woman With a Fan," "Boy With Pipe" and "Nude Boy Leading Horse" are all here too, as well as a magnificent and still seen in the 1906 portrait of Gertrude Stein. Picasso comes to the end — and happens modern art does too — of a kind of soft romanticism. As this, avant-garde romanticism would tend toward the more desperate mood of, say, Edward Munch. The featured places in the port of Gertrude Stein clearly show influences that have been variously credited to African, early Catalan even Sumerian painting. Already, Picasso was preparing himself for "Demoiselles d'Avignon," the work that has been credited with accused of changing the face of 20th century art. The many preliminary drawings and sketches for this great painting make it one of the most satisfyingly documented works that we have. The book's illustrations show in lay detail, Picasso's gradual editing of original plan amounts to a maturing of everything that went before, as a prefiguring of much that was to come. It's a natural place to break the book, with Picasso poised on brink of Cubism. We can never have too much of Picasso, who is, as Palau i Fabri said, the ultimate paradigmatic artist. could, and did, just about everything visual art allowed and "Picasso: The Early Years" enables us to own first part of that everything.

Anatole Brodyard is on the staff of the New York Times.

CHESS

KORCHNOI does not usually adopt 3... B-N5ch, but he may be hiding his real stuff in preparation for the championship match scheduled to begin Oct. 1 in Moscow, Italy. After 7 O-O, however, it would have been prudent for him to choose the simplifying line with 7... B-B3; 8 Qx2, O-O; 9 N-B3, N-E5; 10 N-N3, B-N3; 11 N-R4, B-B2; 12 N-B2, P-Q3. On 17 P-Q5!, it would have been dangerous for Korchnoi to aim for a closed center with 17... P-K4, Q-R4; 20 P-B3! The powerful point of Timman's 23 P-B3! was evident after 23... R-K4; 24... R/K4xP?; 25 P-K4! R/Q4-N4; 26 NxP would have given White a great advantage in mobility. Korchnoi's alternative, 24... R-KP; 25 Q-Q3, R-K1; 26 B-B3, R-R1; 27 NxP, while superior, yielded White a mobile kingside pawn majority that could be used for a mating attack, whereas Black's queenside pawn preponderance was nil. Korchnoi's 28... P-N3 was an active attempt to fight off the white pieces, but, of course, it weakened the black king position. Shouldn't Korchnoi have tried to clear off as much material as possible with 34... R-Rch? When he adopted this strategy later, at Moves 40-42, it was perhaps too late. Korchnoi could have forced complications with 43... R-N4, yet it is not clear how he might have escaped from 44 N-K4! R-QP; 45 P-N5! Q-N3; 46 P-B7ch, K-R1; 47 R-B6, Q-R4; 48 PxP, R-Q8ch; 49 K-B2, Q-R5ch; 50 K-K2! Q-K8ch; 51 K-B3, Q-B8ch; 52 QxQ, R-Q8ch; 53 K-N4, R-R1; 54 N-R1, BxP; 55 N-Q7, K-R2; 56 R-B5 with a winning ending for White. Instead, his 43... Q-N3 left him no recourse against Timman's 44 P-B7ch, K-R2; 45 N-K2! with the horrendous threat of 46 N-B4 and 47 N-K5.



Position after 44... K-R2. Korchnoi soon had to give up his bishop after 49 P-B3/Q, but even the game was virtually decided at that point, he hung on until 60 NxNP before giving up.

Table with columns for White, Black, White, Black and rows for moves 1P-Q, 2P-Q4, 3B-N3, 4B-N3, 5B-N3, 6B-N3, 7O-O, 8Qx2, 9N-B3, 10N-N3, 11N-R4, 12N-B2, 13P-Q3, 14P-Q3, 15P-Q3, 16P-Q3, 17P-Q5!, 18P-Q5!, 19P-Q5!, 20P-Q5!, 21P-Q5!, 22P-Q5!, 23P-B3!, 24R-K4, 25P-K4!, 26NxP, 27NxP, 28P-N3, 29P-N3, 30P-N3, 31P-N3, 32P-N3, 33P-N3, 34R-Rch, 35R-Rch, 36R-Rch, 37R-Rch, 38R-Rch, 39R-Rch, 40R-Rch, 41R-Rch, 42R-Rch, 43R-N4, 44P-B7ch, 45P-N5!, 46P-B7ch, 47R-B6, 48PxP, 49K-B2, 50K-K2!, 51K-B3, 52QxQ, 53K-N4, 54N-R1, 55N-Q7, 56R-B5.

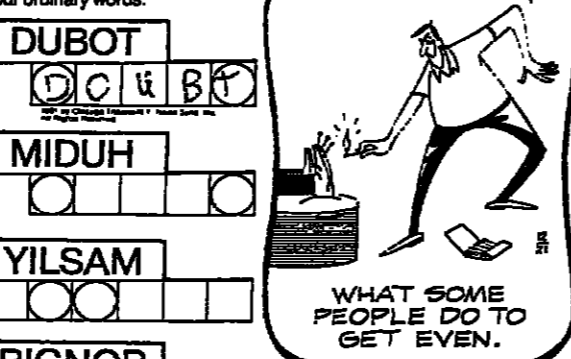
RADIO NEWSCASTS

Table with columns for Western Europe, Middle East, Southern Africa, South Asia, and rows for various news programs and their times.

VOICE OF AMERICA

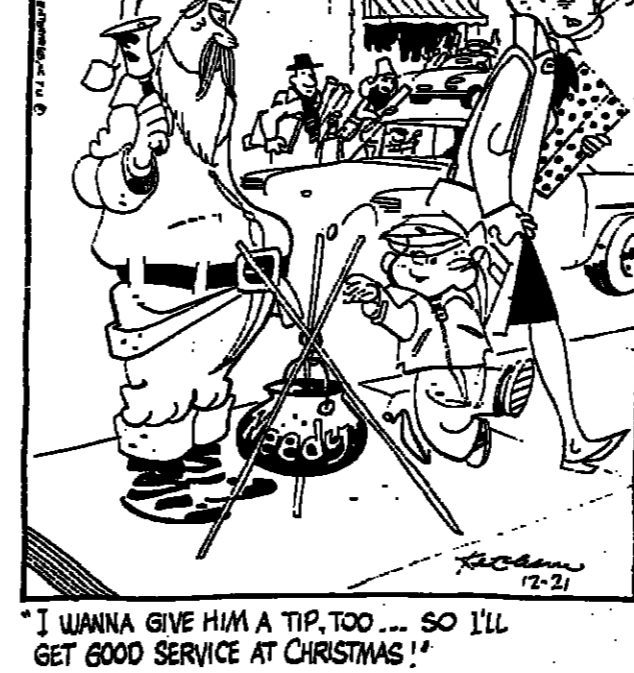
Table with columns for Western Europe, Middle East, Southern Africa, South Asia, and rows for various news programs and their times.

JUMBLE THAT SCRAMBLED WORD GAME



Unscramble these four Jumbles, one letter to each square, to form four ordinary words. Answer here: _____ (Answers tomorrow) Saturdays | Jumbles: EIGHT TEPID BISHOP FIASCO Answer: Two things that kept him from being a good dancer—HIS FEET

DENNIS THE MENACE



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